FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,436

Thursday April 2 1981

***25p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 28; DENMARK Kr 6.00; FRANCE Fr 4.50; GERMANY DM 2.0; ITALY L 800; NETHERLANDS Fl 2.0; NORWAY Kr 6.00; PORTUGAL Esc 50; SPAIN Pts 75; SWEDEN Kr 6.00; SWITZERLAND Fr 2.0; EIRE 35p; MALTA 25c

NEWS SUMMARY

GENERAL

Reagan may be at work next week

President Ronald Reagan might return to the White House as early as next week, a senior aide said yesterday, Jurek Martin reports from Washington.

The President was described as feeling "quite well." He walked briefly around his hospital room, signed routine documents of state and was expected to be given a national security briefing.

James Brady, his Press secretary, who suffered extensive brain damage, was said to be making "astounding progress," recovering powers of speech and some motor control.

John Hinckley, the accused would-be assassin, was having psychiatric tests to determine his fitness to stand trial. He was said to be obsessed by the young Hollywood actress Jodie Foster, stemming from her role in the film Taxi Driver. U.S. foreign policy, Page 4

Rosyth demand

A shop steward called for an inquiry into safety procedures at Rosyth dockyard, Fife, where Polaris submarines are maintained, after the container of a missing radioactive test isotope was found. Three painters died from toxic fumes after an accident on Monday.

Vote change call

Six leading industrialists urged businessmen to press the Government to introduce proportional representation. Page 10

Union immunity

Government action to curb trade union immunities seemed to recede further. Page 10

Marches banned

A three-month ban on marches in the Strathclyde region was approved by Scottish Secretary George Younger.

Pyke move

Iran has dropped accusations of spying against detained British businessman Andrew Pyke but embezzlement charges are still being investigated, diplomats were told. Khomeini call, Page 3

Secret settlement

McDonnell-Douglas and American Airlines reached a secret out-of-court settlement on which was to blame for the American Airlines' DC-10 crash at Chicago in 1979 that killed 273 people.

Police switch

South African police gave up control over the police in neighbouring Namibia. Page 3

Oscar winners

Robert de Niro and Sissy Spacek won best actor and actress Hollywood Oscars for Raging Bull and Coalminer's Daughter. Robert Redford won an award for his first film as director, Ordinary People, which was named best picture.

Grand master

Lancashire schoolboy Nigel Short, 15, beat Tony Miles to become the youngest winner of BBC2's master game chess tournament.

Tides of March

Last month was the second wettest March since rainfall records began 250 years ago—beaten only by 1947. Weather, Back Page

Briefly . . .

New Bishop of Newcastle is the Rt. Rev. Andrew Graham, Suffragan Bishop of Bedford.

Violence in Lebanon has killed 260 people this year.

Norway ordered a Soviet trade official to leave.

U.S. space shuttle Columbia launch date of April 10 was confirmed.

BUSINESS

Gilts add 0.29; $10 rise for gold

● GILTS continued their advance with the Government Securities Index up 0.29 at 70.13. Page 40

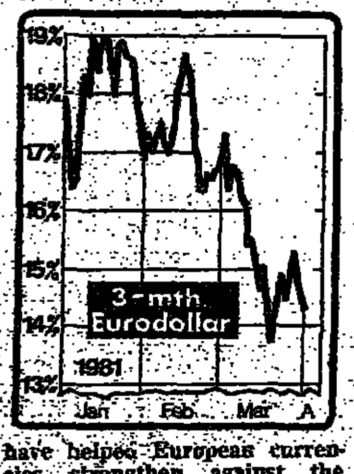
● EQUITIES improved marginally, with little interest in leading shares. The FT 30-share index rose 1.7 to 529.8. Page 40

● GOLD rose $10 in London to $517.5. Page 31

● STERLING showed little overall change, falling 55 points to $2.2390, and closing at DM 4.71 (DM 4.725) and FFr 11.1150 (FFr 11.1450). Its trade-weighted index was 100.2 (100.1). Page 31

● DOLLAR weakened in London, closing at DM 2.1030 (DM 2.105) and SwFr 1.9310 (SwFr 1.9225), but rose against the trend to Y212.20 from Y211.25. Its trade-weighted index was 100.0 (99.8). Page 31

● THREE-MONTH EURODOLLAR rate fell to $14\frac{1}{2}$ per cent. Lower Eurodollar rates



have helped European currencies strengthen against the dollar. Page 31

● WALL STREET was up 9.73 at 1,013.60 before the close. Page 38

● GOLD PURCHASES by central banks and other government institutions rose sharply last year, said London merchant bank Samuel Montagu. Page 7

● JAPANESE Finance Ministry warned foreign banks to be more careful over their lending in Japan. Page 30

● JAMAICA is to receive credits from the International Monetary Fund worth almost £310m over the next three years. Back Page; Jamaican economy, Page 4

● INCOME TAX cannot be reduced over the next two or three years unless public spending is cut further, London Business School said. Page 7

● BRITISH COMPANIES are losing business in Nigeria because they are too cautious, said a senior Nigerian minister. Page 4

● WEIR GROUP, Scotland's biggest engineering concern, will receive financial aid worth more than £16m from banks and other lending institutions. Back Page; Results, Page 25 Feature, Page 20

● BL may have to make further cuts in jobs and investment because of the Budget. Back Page

● GUARDIAN Royal Exchange Assurance expanded 1980 pre-tax profits to £87.1m (£75.8m), while Legal and General Group's net profits for the same period rose from £15.9m to £21.4m. Page 24

● BABCOCK INTERNATIONAL, engineering and contracting concern, reported pretax profits down from £32.05m to £15.24m for 1980. Page 22; Lex, Back Page

● RECKITT AND COLMAN, international manufacturing and marketing organisation, reported 1980 pre-tax profits of £53.17m (£51.01m). Page 22; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

Treas. $12\frac{1}{4}$pc 2003-05	£99$\frac{3}{4}$	+ $\frac{1}{2}$	Pleasurama	253	+ 20
APV	261	+ 13	Reckitt and Colman	238	+ 28
Assoc. Dairies	214	+ 8	Rowntree Mack'tosh.	186	+ 10
Babcock Intl.	126	+ 12	Saga Holidays	308	+ 25
Chapman (Balham)	160	+ 27	Sun Alliance	822	+ 48
Chemring	251	+ 13	Telephone Rentals	310	+ 20
Davis (Godfrey)	88	+ 7	Tube Invs.	214	+ 6
DRG	96	+ 5	Unilever	518	+ 18
Dobson Park	109	+ 11	Woodhead (J.)	47	+ 4
Elliott (B.)	177	+ 15	East Daggafontein	142	+ 42
GRE	348	+ 8	RTZ	475	+ 10
Hall (M.)	366	+ 16			
Haden Carrier	272	+ 18	FALLS:		
Horizon Travel	252	+ 14	Duport	8	− 4
House of Lerose	92	+ 13	ICL	41	− 5
Legal and General	245	+ 7	London Utd.	175	− 13
Lucas Inds.	197	+ 6	Marler Ests.	77	− 6
McKechnie Bros.	120	+ 9	Weir	23	− $2\frac{1}{2}$
Molins	129	+ 7	Bertam Cons.	95	− 8
Northern Foods	190	+ 9	Berkeley Expln.	300	− 14
Phoenix Assurance	276	+ 6	Burmah Oil	155	− 9

Military clash feared as Thailand Premier digs in against coup

BY ALAIN CASS AND DAVID BUTLER IN BANGKOK

THAILAND faced a major crisis last night in which opposing factions in the Army claimed control of the country and allegiance of the armed forces.

Leaders of the armed rebellion on Tuesday night controlled the capital, while Gen. Prem Tinsulanond, the Prime Minister, accompanied by the Royal Family, established a rival power centre at an Air Force base at Korat, 150 miles north-east of Bangkok.

There were reports of an armoured column of troops loyal to Gen. Prem moving toward the capital last night, raising fears of a major clash.

Such a confrontation could destabilise the country, with serious repercussions for that region of Asia, where tension is already high because of the presence of 200,000 Vietnamese troops across the Thai border in Kampuchea.

Thailand has been a Parliamentary democracy since 1932, and is a part of the Association of South-East Asian Nations, ASEAN, with Malaysia, Singapore, Indonesia and the Philippines.

Gen. Prem flew to Korat yesterday morning and the Royal Family left the capital by road under heavy armed guard. Their departure followed a confused night in which a group of senior officers led by Gen. Sant Chitpatima, deputy army commander-in-chief, seized power, suspended the constitution and dissolved Parliament.

The coup leaders seized the main Government radio station yesterday just before dawn and announced that a "revolutionary council" was being set up to run the country. They claimed support of the heads of the Navy and Air Force.

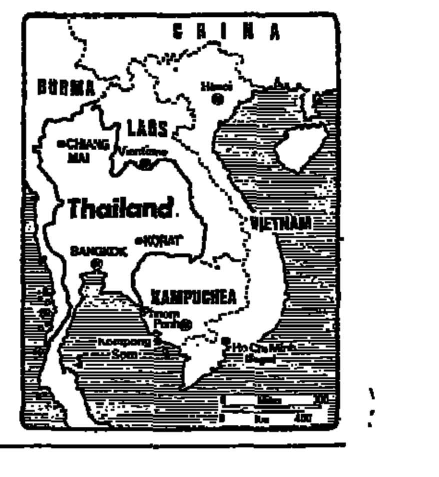
The presence of the Royal family in Korat in apparent support of Gen. Prem is a new factor in the turbulent history of Thai politics.

Gen. Prem, broadcasting over a military-controlled radio station in Korat, said he had taken King Bhumipol, Queen Sirikit, the Crown Prince and two princesses to the air base for their own protection.

"In reference to an announcement by a certain group of people that I have resigned as Prime Minister, it is not true. I am still Prime Minister and commander-in-chief of the Army," he said.

Gen. Prem denounced the coup leaders and claimed that he had support of the commanders of three of the four military regions. However, these armies are widely dispersed.

He said that he would not yield to the demands of the coup leaders and was ready to take "exceptional



Coup brings threat of wider unrest, Page 3

West makes food aid pledge to Poles

BY PETER MONTAGNON AND OUR FOREIGN STAFF

THE WEST came once again to the aid of struggling Poland yesterday with pledges of large deliveries of food aid by the European Community headquarters in Brussels and the French Government.

In London, international bankers and Polish Government officials cleared the way for substantial progress in Poland's quest to refinance $3.1bn in commercial bank debts which fall due this year.

There were strong indications that the Soviet Union was less willing than before to provide financial aid for Warsaw.

As full-scale meat rationing was introduced in Poland yesterday, the European Commission asked EEC Ministers to approve urgent shipment of about £120m worth of meat, grain, butter and other staple foods at prices some 15 per cent below world rates.

Mr. Mieczyslaw Jagielski, Polish Deputy Premier, left Paris for talks in Washington with a pledge of 400,000 tonnes of wheat, worth about £50m, to add to the £358m in credits announced earlier this week by President Giscard d'Estaing.

Poland was reported yesterday to be studying the desirability of rejoining the International Monetary Fund, which she left in 1950.

Mr. Jan Woloszyn, deputy president of Bank Handlowy, the country's foreign trade bank, was said to have drawn attention to this as leader of the Polish delegation during the talks with the banks.

Such a step would be welcomed by the banks, as it would give the IMF a say in the management of the Polish economy, but a number of bankers doubt if the possibility of joining would ever be seriously entertained in Warsaw.

Many pitfalls still remain in the negotiations over Poland's debts, not least the problem of obtaining collective agreement from all 460 or so banks concerned, but a major step forward has been formation of a task force of banks to meet the Polish officials again in the second week of April.

Polish Government officials were reported yesterday to have told bankers of their hopes that a rescheduling agreement could be in operation before the middle of the year. This would involve both the debt due to banks and an additional $4.4bn guaranteed by Western Governments.

Government negotiators from the West meet again in Paris next week to discuss the Polish debt problem.

It now seems possible that the meeting will draw up a provisional set of plans whereby the official debt can be rescheduled.

Food aid details, Page 2
Jamaica to get IMF credit, Back Page

Spokesman goes

Disunity within the ranks of Solidarity, Poland's independent union, last night led to the resignation of Mr. Karol Modzelewski, the union's chief Press spokesman. His deputy also offered to resign after Tuesday's fractious union meeting at which Monday's agreement with the Polish authorities was sharply criticised.

In Gdansk, Mrs. Anna Walentynowicz, the crane driver, whose sacking last August sparked off the strikes leading to Solidarity's formation, was removed from her union post in the Lenin shipyards.

German and City money brokers to merge

By Rosemary Burr

R. P. MARTIN, the City money brokers, is to merge with Bierbaum, the Dusseldorf-based brokers, to form one of the world's largest broking companies.

Money brokers match buyers and sellers of currency and take a percentage commission based on the size of the transaction. Their main clients are banks.

The merger will be completed in three stages. Firstly, the Bierbaum partnership, which holds 15 per cent of Martin's shares, will form a limited company.

Second, Martin will issue 5.2m shares to the partners of Bierbaum in return for a 55 per cent shareholding in Bierbaum. This will boost the partners of Bierbaum's shareholding in Martin to 62.38 per cent.

Third, within the next year Bierbaum will sell about 1m Martin shares, reducing its holding to 51.7 per cent.

The merger follows months of uncertainty over Martin's future. Talks between Martin and Bierbaum in January foundered on Bierbaum's insistence that Mr. Tom Whyte, the former chairman of Triumph Investment Trust, which crashed in 1974 at the height of the secondary banking crisis, remain a party to its bid. Mr. Whyte, who holds 7.45 per cent of Martin shares, was instrumental in introducing the German brokers to Martin.

On Monday, Bierbaum

Continued on Back Page

£ in New York

—	Mar. 31	Previous
Spot	$2.2360-2380	$2.2600-2650
1 month	0.43-0.50 pm.	0.55-0.62 pm.
3 months	1.25-1.35 pm.	1.30-1.40 pm.
12 months	4.60-4.80 pm.	4.90-5.10 pm.

BPC survival plan will cut staff 26%

BY RAY MAUGHAN AND JOHN LLOYD

PLANS FOR the "survival and prosperity" of BPC, one of the largest print groups in Europe, have been drawn up by Lord Kearton, the new non-executive chairman, and Mr. Robert Maxwell, the recently appointed chief executive who heads Pergamon Press.

The proposals, which will be put to shareholders on April 24, entail redundancies involving 26 per cent of the 10,500 employees, productivity agreements with the remaining workforce and substantial support from National Westminster Bank, the group's principal clearing banker.

The bank has agreed to increase current borrowing facilities from £33.5m to £41.5m. It will convert £6m of its existing debt into new 10 per cent preference shares and provide a concessionary rate of overdraft interest at 5 per cent on £10m of continuing overdrafts.

These terms have been calculated to allow BPC to cover losses of over £12m before tax in 1980 and to absorb redundancy costs of £14m.

Senior officials of the four print unions have signed a statement endorsing the "survival and prosperity" plan and undertaking "to use their best endeavours to assist the company in its implementation."

National and local officials will continue an investigation with Mr. Maxwell into the viability of three further plants, employing 800 workers.

Mr. Maxwell has made two concessions to the unions. He has agreed to a pay rise of £7.50 a week for adult craftsmen from April 24 and to a reduction of the working week "where applicable," to $37\frac{1}{2}$ hours.

Mr. Les Dixon, president of the main print craft union, the National Graphical Association, said last night: "We realised the seriousness of the situation. The agreement is the best we could get under the circumstances."

On the outcome of the investigation into the viability of the three threatened plants, he said: "I suppose you could say we are keeping our fingers crossed. It is not going to be an easy future."

The group said yesterday that it had instituted legal proceedings against Times Newspapers, now controlled by News International, in respect of the contract to print the Sunday Times Colour Magazine.

The dispute relates to the revised contract negotiated last year to allow Times Newspapers Limited (TNL) to regionalise its production. Mr. Maxwell said that he and Mr. Rupert Murdoch, the chairman of News International, had met and agreed that this matter should be dealt with by lawyers. Mr. Maxwell refuted suggestions that the proceedings would jeopardise this valuable contract and stressed that Mr. Murdoch had offered to pay 80 per cent of what BPC had claimed under the old agreement.

TNL said later that BPC's statement that it was owed £506,000 was inaccurate.

TNL also claimed that there had been no suggestion that litigation was contemplated by BPC at an earlier meeting. But in view of what BPC's survival document now puts forward "the issues which now separate TNL and Sun Printers (the relevant BPC subsidiary) can only be settled by legal proceedings," Mr. Gerald Long, managing director of TNL, said last night.

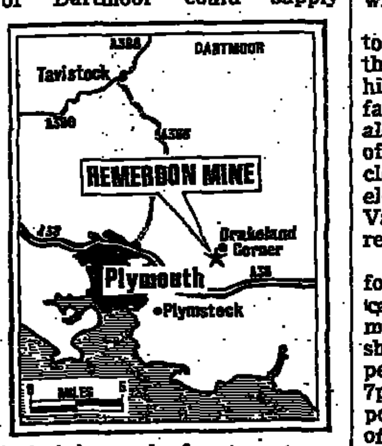
New team believes BPC is on threshold of recovery, Page 6
Editorial comment, Page 20
Lex, Back Page
Weir Group reconstruction, Back Page

Plan to mine big tungsten deposit

By Kenneth Marston, Mining Editor

A TUNGSTEN deposit in Devon is likely to be brought back to life as a commercial mining proposition.

Mr. Carl Schwarzwalder, chairman of the Bermuda-registered Hemerdon Mining and Smelting, said yesterday that the proposed open-pit mine at Hemerdon Ball on the edge of Dartmoor could supply



Britain's needs for tungsten—used to harden steel—for 19 years and still have some available for export.

The company is partnered at Hemerdon by Amax, the natural resource group which is the subject of the world's biggest take-over bid, worth about £1.7bn, from Standard Oil of California.

Studies by Amax indicate a commercial find of 38m tonnes

Continued on Back Page

Agreement likely on 9% farm price rise

BY JOHN WYLES IN BRUSSELS

COMMON MARKET Agriculture Ministers seemed to be moving towards agreement last night on a record 9 to 10 per cent increase in the prices guaranteed to farmers for their produce.

Although West Germany showed belated concern over the potential cost to the Community budget, the objections did not seem strong enough to wreck the emerging settlement.

The package which seemed to be taking shape would yield the highest price increases in history to the community's 9m farmers. Early settlement would also set a record for the speed of negotiations which have clearly reflected the urgent electoral interests of President Valery Giscard d'Estaing's re-election campaign.

The impact on community food prices has yet to be calculated but unofficial estimates of its effect on the UK shopping basket point to a 6.5p per pound rise in butter prices, 7p per pound on cheese, 5p per pound on beef and 1p on a loaf of bread.

British officials claim that the package under discussion would add 1 per cent to the UK food index and 0.2 per cent to the Retail Price Index.

Devaluations of "green" currencies—the rates at which EEC farm prices are translated from european currencies units to local currencies—will bring additional increases worth an extra 2.3 per cent to French farmers, 3.9 per cent for the Irish, 2.8 per cent for the Danes and around 7 per cent for the Italians.

In broad terms, a package along these lines looks likely to take up all of the expected 11 per cent increase in the EEC's budget revenues next year.

The European Commission estimates that price rises would add £588m or just over 8 per cent to EEC spending on agriculture in a 12-month period.

The proposed 9 per cent rise in dairy prices, however, could prove a powerful incentive for farmers to step up milk production while corresponding increases for other products could have similar effects.

Moreover, the package contains few of the commission's original ideas for penalising over-production. EEC Farm Ministers seem still to favour an attack on agricultural surpluses—"but not yet."

In the early evening, Mr. Peter Walker, the British Minister, urged his colleagues to consider a reduction in dairy prices during the next 12 months if there was a significant increase in output.

But this is anathema to France and Ireland which are not prepared to go further than increasing the existing co-responsibility levy—a tax on increased milk production—from 2 to 2.5 per cent.

Early yesterday Mr. Walker succeeded in torpedoing a proposal to reduce the level of UK taxes on food imports by re-valuing the "green" pound.

CONTENTS

For latest Share Index phone 01-246 8026

Mitterrand widens breach with Communist party

BY ROBERT MAUTHNER IN PARIS

THE SOCIALIST challenger for the French presidency, M. Francois Mitterrand, has taken *his divorce from the* Communist Party one step further by openly admitting thata he might be obliged to govern the country with a parliamentary majority *opposed to his own* views. M. Mitterrand is President Giscard d'Estaing's principal opponent in the presidential election due to be held in two rounds on April 26 and May 10.

He said that such an eventuality could not be ruled out if the parliamentary election which he would call after his own *election brought back* a Right-wing majority.

Anxious to promote his election poster image of the elder statesman personifying calm and strength, *M. Mitterrand did his* level best in a presidential election campaign television interview on Tuesday night to avoid the histrionics which he employs with such good effect in public meetings.

Only an unwelcome question about how much it would cost to reduce the working week *from 40 to 35 hours without* cutting weekly wages, as he has proposed, drew from the Socialist candidate the sharp, if somewhat surprising, response that it was "preposterous and absurd" to pose this problem.

On all other matters M. Mitterrand was sweet reasonableness itself, at the expense of a somewhat stilted manner, which appeared to have been dictated to him by advisers striving vainly to emulate President Giscard d'Estaing's television talents.

He reiterated that he would not open any negotiations before the first round of the eelction, nor between the two rounds, on the composition of his future government or the policies it would pursue. After the presidential election, it would *be up to the main political* parties, notably the Socialists and Communists, to decide whether they could fight the ensuing parliamentary election on a common platform.

His duty would be to govern the country with the majority which the people had chosen, M. Mitterand said. While he intended to remain faithful to the political line which he had always followed, it was clear *that the differences that had* arisen between the Socialists and Communists over the past few years had to be settled before they could become *partners in a government*.

Among the three big decisions he would take immediately after his election would be to ask senior civil servants to draw up a balance sheet of President Giscard's presidency, so that the country would know what kind of situation he had inherited.

He would also invite the two sides of industry to open negotiations on problems such as the reduction of working hours and equal pay for women and he would immediately raise family allowances.

On the economic front, M. Mitterand said he was aiming for an annual 3 per cent growth *in GDP, adding that it was* impossible to fight unemployment effectively without stimulating the economy, as M. Giscard d'Estaing wanted to do.

The Socialist candidate admitted, however, that his programme, including the nationalisation of 10 large industrial groups, the creation of *210,000* jobs in the public sector and wage rises for the lowest paid, implied a continuation *of a rate of inflation* of about 14 per cent.

Decision today on Belgian government

By Larry Klinger in Brussels

THE INCREASINGLY bitter and frustrating Belgian political crisis continues into a fourth day today amid signs, however, that the recent heavy international speculation against the franc may be abating.

King Baudouin is expected to make public this afternoon the results of his two-day round of talks not only with Ministers, party leaders and parliamentary officials, but with representatives of industry and the unions as well.

*He refused to accept the resig*nation on Monday of Prime Minister Wilfried Martens, taking the rare step instead of calling together all the party leaders and their "social partners."

The King said that the weekend split over anti-inflation measures in the Christian Democrat-Socialists coalition presented the country with nothing less than a "war for the survival of our economy."

The Belgian central bank yesterday again was able to reduce its support of the currency.

The Ministry of Economic Affairs, meanwhile, has announced a month's freeze on all retail prices, backed by police powers. It is effective from today and is based on *the levels prevailing on* March 29. Consideration of requests for future price increases have also been suspended for a month.

Mr. Martens is understood to believe that lack of liaison among the Socialists ensured that they could not coordinate a response that would have allowed them to accept his proposals at Sunday's emergency Cabinet meeting.

His crisis measures called for the suspension of the system linking automatic wage rises to the increase in the cost of living.

He is also very frustrated by the fact that the King's decision makes it impossible for him to speak publicly until a royal decision is taken.

The Prime Minister believes that the advice he received in talks with all concerned, and the EEC summit declaration for Community wage indexation systems to be reviewed, left him no choice but to press ahead once the run against the franc *gathered momentum.*

He is also understood to feel that all the parties involved in the Goverment's decision-making fully understood the position.

Polish agreement 'a basis for talks'

BY CHRISTOPHER BOBINSKI IN WARSAW

SOLIDARITY'S national leadership yesterday decided to accept Monday's agreement with the Polish Government but only as a basis for further talks. It confirmed yesteray's decision to call off the nationwide strike alert which was ordered when union leaders in Bydoszcz were beaten by the police 10 days ago.

A solidarity delegation is to *travel* to Warsaw soon for talks with General Wojciech Jaruzelski, the Prime Minister, and the strike alert has been kept in force in Bydoszcz itself until Government promises to punish those guilty are fulfilled.

But at their meeting in Gdansk yesterday, some Solidarity speakers criticised the way last week's talks with the Government had been conducted and said that the union was being manipulated. *Many blame* union experts like Mr. Tadeusz Mazowiecki, the editor of the union weekly, and the historian Mr. Bronislaw Geremek, both of whom took part in the talks and are charged with toning down Solidarity's stance.

Mr. Karol Modzelewski, the Press spokesman of the National Committee, criticised the lack of democracy shown by the leadership and resigned his post. He *did*, however, say that Mr. Lech Walesa, Solidarity's leader, should stay at his post as "his departure would be suicide for the union." Mr. Andrzej Gwiazda, Mr. Walesa's deputy, who had taken part in the talks, also offered to resign in protest at the way they had been conducted.

Another controversy in Gdansk yesterday centred around Mrs. Anna Walentynowicz, a crane driver, who is a member of the leadership of Solidarity's Gdansk branch where the represents the Lenin shipyard organisation.

Mrs. Walentynowicz is something of a symbol for Solidarity. Her dismissal from work at the Lenin shipyard last August was the *signal for the outbreak* of the strike there which led to the present changes in Poland. But some Solidarity members within the shipyard have now charged that she *has* not been representing their views and should be replaced. Teh Gdansk leadership has protested against the move.

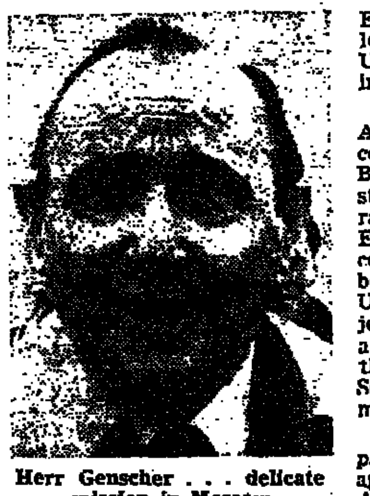
Genscher to urge restraint on Moscow

BY ROGER BOYES IN BONN

WEST GERMANY'S Foreign *Minister, Herr Hans Dietrich* Genscher, flies to Moscow today for important and delicate talks aimed both at urging restraint in the Polish crisis and ensuring *that the Kremlin is ready to* enter arms controls talks without creating pre-conditions.

The mission is important for three reasons. In the first place, Herr Genscher has recently held comprehensive talks in the United States. He will thus be able to give Mr. Leonid Brezhnev, the Soviet President, his first full account of the Reagan Administration's policies as seen from Bonn.

He is also one of the first senior *NATO Ministers to visit* Moscow since the Polish crisis flared last August and will have to present the West's rather complex position on Poland. This, essentially, is that the West is prepared to continue giving aid and credits to Poland to maintain stability but would stop giving financial support should the Warsaw



Herr Genscher . . . delicate mission in Moscow

Government use large scale force against the workers or should the Soviet Union intervene.

Finally, the Moscow trip gives a hint of the new flavour to Bonn's Ostpolitik—its conciliatory policy towards Eastern Europe—which now seems to lean far more heavily on the U.S. as an initiator of change in East-West relations.

Herr Genscher who meets Mr. Andrei Gromyko, his Soviet counterpart, *today and* Mr. Brezhnev tomorrow, intends to stress that a freeze on medium-range missile deployment in Europe should not be a pre-condition of arms controls talks between the superpowers. The U.S. and Bonn have already rejected Mr. Brezhnev's offer of a missile freeze, on the grounds that it would institutionalise Soviet medium-range nuclear missile superiority in Europe.

The Minister is unlikely to de*part from the* common line agreed recently with Mr. Alexander Haigh, the U.S. Secretary of State, and will emphasise that NATO intends, despite its wish for arms controls *talks, to* go ahead with its decision to station new Pershing and Cruise missiles in Europe.

As for Poland, Chancellor Helmut Schmidt over the past three days has repeatedly slipped a telling phrase into his speeches. The use of "internal or external violence" in Poland, he has indicated, would change the world and effectively end Western *financial* support for Warsaw. Officials close to Herr Genscher make clear that this is a matter of degree and the comment refers essentially to *large-scale* Polish government suppression of the Solidarity independent union movement. Herr Genscher will thus signal Moscow that Western support for Poland has certain very strict limits.

Other discussion topics bear all the hallmarks of Bonn's traditional *Ostpolitik:* the need to give more exit visas to ethnic Germans, the need for a disarmament conference on the French model, for a comprehensive final document at the Madrid conference on European security and for a clearer Soviet position on confidence-building measures, such as the monitoring of troop movements.

Bank cautious about monetarism

BY OUR PARIS CORRESPONDENT

THE BANK of France yesterday warned that monetary policy was only a part of economic policy and it would be "dangerous" to ask too much of it.

This reference to monetary *policy in the French central* bank's annual report appeared to be an oblique comment on the effects of the strict application of monetarist principles on the British economy. The present state of the British economy has been compared unfavourably with that of France in several statements by President Giscard d'Estaing during the Presidential election campaign.

The central bank, which faithfully reflects government thinking, said that while monetary "rigour" was clearly required if the Government's social objectives were to be achieved, it was equally true that monetary stability presupposed a "globally coherent economic policy."

Monetary policy must not be exclusively quantitative, the bank said. It should also try to control interest and exchange rates. Interest rates must be high enough to ensure abundant savings and the selection of investments according to their productivity.

These principles had been *applied with flexibility* and moderation in France over the past year and that was why French interest rates, though geared to the rate of inflation, had remained generally lower than in other Western industrialised countries.

M. Renaud de la Geniere, the bank's governor, recalled in the report that the target of 11 per cent growth in the money supply in 1980 had been respected and that the target for the current year had been lowered to 10 per cent.

The encouraging results obtained by the country's monetary policy militated in favour *of a continuation* of that policy on the same lines. In particular, the system of credit controls should be maintained, in spite of all its drawbacks, as long as inflation was not reduced and the French financial system was not made more sensitive to the "regulating role" of interest rates. If the credit control system was abandoned prematurely, interest rates would have to be raised sharply.

EUROPEAN COMMUNITY RULES EXPIRE

Bid to agree on shipbuilding aid

BY GILES MERRITT IN BRUSSELS

URGENT EFFORTS are being made to agree a new EEC regime for the ailing shipbuilding industry following the expiry on March 31 of the rules governing national subsidies.

Mr. Frans Andriessen, the Dutch Commissioner responsible for competition questions, *this morning flies to Rome for* two days of talks aimed at overcoming the Italian Government's objections to a new Community directive on shipbuilding aids that should be in force already.

Known as the Fifth Directive, it comprises tougher guidelines and regulations on aid designed *to outlaw beggar-my-neighbour* tactics employed by EEC member states as they strive to minimise shipyard closures. They were due for introduction at the start of the year, when the Fourth Directive expired. Disagreement among member governments resulted in a three-month extension of that Directive.

Mr. Andriessen . . . for talks in Rome

Should outstanding difficulties not be settled shortly, Europe's hard-hit shipbuilding industry might, by default, see its government aid programmes vetted by the much more rigorous terms of the Rome Treaty's Article 92. This bans all subsidies if they are liable to distort fair competition.

Mr. Andriessen's negotiations in Rome, in effect, are a bid to avoid a Council of Ministers' wrangle over Italy's insistance that ship-repairing—an impor*tant activity in Italian yards*—should not be discriminated against. They are believed to fear that financial help for ship-repairing might be subtracted from shipbuilding aids to ensure that member states do not contrive to build up various types of subsidy.

Two of the differences that prevented the Fifth Directive being adopted have now been settled. Therefore, there is some optimism in Brussels that the *ship-repairing issue may* be more easily resolved. The earlier disputes centred on differences over *loss financing* and on a Franco-German disagreement on the details of permissible rescue aids.

Brussels experts warned yesterday, though, that if the last remaining obstacle is not quickly removed the shipbuilding aids question could develop into a serious Community problem.

Hire purchase tightened in Yugoslavia

By Aleksandr Lebl in Belgrade

YUGOSLAVIA HAS introduced tighter hire-purchase credit terms over a wide range of *consumer goods in a move to* reduce the inflation rate, currently running at about 40 per cent on an annual basis.

Credit facilities have been abolished for the purchase of cars, motor-boats, colour televisions, stereo and other radio equipment, as well as caravans, camping equipment, silver jewellery and other luxury items.

On a wide range of other products like furniture, mopeds, black and white *television* sets and household appliances, down-payments have been raised

The latest restrictions come at a time when the motor industry, in particular, is already hard hit by sharply higher prices.

EEC food aid climbs to £270m

BY JOHN WYLES IN BRUSSELS

CUT PRICE EEC food sales to Poland are set to climb to a value of about £270m following a decision here yesterday to allow Warsaw to make fresh purchases at a mainly 15 per cent discount to world prices. Approval has been given by the European Commission and is bound to be endorsed by Community governments following last week's agreement in principle at the Maastricht summit.

The sales are meant to underline the EEC's commitment to help Poland through its economic and political problems. But the decision undoubtedly has been eased by the new agreement this week between the Solidarity independent union and the Polish Government, which removed the immediate threat of a general strike and a possibly repressive clampdown or Soviet intervention.

Since the beginning of the year, the EEC has sold food worth about £146m at current world prices at a *15* per cent discount. The new sales, at the same discount except for quantities of sugar which will be discounted at 10 per cent, are worth about £120m at world prices.

The cost of the subsidy to the Community will be about £18.1m *although another £38m could* be involved in normal export subsidies bridging the gap between high EEC and lower world prices. As before, Poland is expected to approach member countries for bilateral credits to enable it to pay for the food. Warsaw and the Commission agreed apparently that the quantities should be sufficient to cover the second and third quarters of the year.

The quantities and com*modities are as follows:* 10,000 tonnes of butter; 5,000 of cheese; 2,000 of milk powder and 30,000 of skimmed milk powder; 30,000 of meat; 50,000 of sugar; 20,000 of rapeseed oil or 50,000 of rape grains; 175,000 of barley; 25,000 of rye; 200,000 of animal feed.

● *Reuter reports from Paris:* France will shortly supply Poland with emergency aid of 400,000 tonnes of wheat worth around $112m, it was announced yesterday.

President Valery Giscard d'Estaing, who yesterday met Polish Deputy Prime Minister, Mieczyslaw Jagielski, told the Cabinet that Mr. Jagielski was confident of the "ability of the Polish Government and people to preserve their recent gains without foreign intervention or interal violence."

Apart from sending immediate food supplies as a special operation, M. Giscard also pledged longer-term economic and financial assistance to help Warsaw in its economic plight.

France gave Poland about FFr 4bn ($800m) last year in different forms of credit and food aid and will grant a similar amount this year, officials said.

But they could not say immediately whether the wheat deal was part of this sum.

Pact armies ready for 'new operations'

By Leslie Colitt in Berlin

WARSAW PACT armies have prepared "militarily and politically" for "new and difficult operations" in their continuing manoeuvres in and around Poland, the East German news agency said yesterday.

East German troops participating in the Soyuz '81 military exercises are said to have promised to fulfil every *order by the Communist party* and the Government to "defend socialism"

Reuter adds from Washington: The Soviet Union is making military preparations in and around Poland to reduce the time necessary to mount an intervention if it *decides to do so, the U.S.* State Department said yesterday.

The Soviet Union had established "a substantial command, control and communications structure" in and around Poland,

Forlani prepares unions for further squeeze

BY RUPERT CORNWELL IN ROME

SIG. ARNALDO FORLANI, the Italian Prime Minister, yesterday met the country's top union leaders in an effort to smooth the way for the vital second phase of economic measures the Government is committed to *introduce in order to supplement* last month's Lira devaluation and credit squeeze.

The shape of the package, which is aimed at lopping L5,000bn (£2.14bn) off this year's estimated public sector borrowing requirement, remains unclear. Continuing disagreement between ministers means the Cabinet is unlikely to meet to resolve the issue until this weekend at the earliest.

However, the chances of a head-on clash with the unions over phase two have been reduced by Sig. Forlani's public admission on television that the Government would not be taking any unilateral action to curb the controversial *scala mobile* system of wage indexation.

Early returns suggest that prices rose by about 2 per cent last month. Devaluation and a likely new round of public sector tariff increases, means *inflation* is set to remain high in the months to come.

All this, however, makes it harder than ever for the Government to come up with a package coherent enough to restore its own credibility, diminished by incessant fueding and a string of recent parliamentary defeats.

Implementation of a public sector pay pause, along the lines intimated when the devaluation was announced, runs a similar risk of union opposition, and a one day public sector strike has been called for April 13 if the Government moves along those lines.

Another scheme for an *across-the-board 2 per cent cut* in current spending by every Ministry, theoretically saving about L3,000bn has run into trouble. It looks more and more as if the only way out—if the overall commitment is to be met—is another round of public service price increases.

Victor Walker in Athens reports on an industry 'sacrificed on the altar of Eurocratic tidymindedness'

Greek steelmakers lead assault on economic policy

GREEK STEEL makers are leading a businessmen's assault on the policies of the conservative government of Mr. George Rallis.

Conservatism's traditionally most loyal supporters complain that government policies since *parliamentary democracy was* restored in 1974 have weakened the industrial base. They also blame the Government for the long slump in industrial invest*ment. Only the thought that* another government could be worse for business has prevented the rising anger in the business world from breaking *into public acrimony.*

The immediate question is whether Greece is importing the European Community's "manifest crisis" in steel alone *with the advantages of* Community membership.

The underlying issue is whether post-junta governments have over-punished industry for its *easy ride during* the Colonels' seven-year dictatorship. The Colonels kept direct taxes low and banned strikes, keeping labour costs low and *cushioning* Greece's small and often inefficient companies. Industry was protected from imports and foreign investment was encouraged.

When the dictatorship collapsed, pressures had to be released. In government policy terms, the national income had to be redistributed. Nobody ob*jected in principle.* The question was, and is, whether the process went too far too quickly: whether, as industrialists assert, the wealth was distributed be*fore it was made.*

Steel has now brought the pot closer to the boil.

The steel argument is complex in detail, but centres on a *25 per cent output reduction re*quired by the European Coal and Steel Community in all member states — including Greece. The cuts are to be on *production averages over the* past three years, which for Greece was a time when the construction industry, the steel industry's main customer, was *deliberately depressed by fiscal* measures to take some steam out of the economy.

Greek steel industries in those three years were thus running *at a low but bearable* 55 to 65 per cent of capacity. Further reductions, the steelmakers say, will not just create a crisis where there was none before but "*will bring us below sur*vival levels."

The Government says it did what it could in Brussels, asking for one of two alternatives which, in tonnage terms, would have amounted to the same thing: either that Greece be exempted from the cuts or that they be based on potential *rather than actual production* during the three years. The reply was curt: that to exempt one member state would upset the whole system and be especi*ally unacceptable to those mem*bers with a steel set-up comparable to Greece's.

Steel producers say in private *they have been sacrificed on the* "altar of Eurocratic tidymindedness." They also say the Government should have fought at least as hard for them *as it did for the far more basic* sector of agriculture. Envious references are made to measures adopted by Italy, and not emulated by Greece, to protect its own steel production.

They also believe not enough mileage was obtained either from Greek steel's comparatively *insignificant contribution to the* "manifest crisis" or from the export picture. Greek raw steel output, around 1.2m tonnes a year, represents about 1 per cent of the Community total, and output of finished products, some 2m tonnes a year, is around 1.2 per cent. About 60 per cent of total Greek steel exports last year went to the Community and 40 per cent to third countries.

In these circumstances, it is natural that the anger should be directed not so much at the European Community or the Coal and Steel Community as at the Athens Government. Nor are the companies mollified by assurances that Greek steel makers are worrying too much, since European experience has shown the giant firms—of which Greece has none—are more in danger than smaller units.

The dissatisfaction has now been compounded by a government decision to waive its *negotiated right to phase out* protective tariffs on steel products imported from the Community during the five-year transition in favour of an immediate 50 per cent tariff reduction. This decision was made to help Greece's far more significant metalworking industries — the biggest sector after textiles, and accounting for about 8 per cent of gross domestic product.

Profiting from this tariff reduction, enacted in January, *the metalworking industries* are already increasing imports from other Community steel mills at the expense of local producers. The steelmakers believe they *are paying the real cost of this* decision, in the form of falling production and eventual layoffs.

To compensate for this loss, the Government is now issuing another decision equally inconsistent with its efforts to protect the steel industry when it was negotiating membership of the Community. It proposes to suspend all import duties on semi-finished products, thus pushing the Greek steel industry into abandoning crude steel production and turning to re-rolling.

This second voluntary concession to other Community steel producers, with no reciprocal *agreement, will make Greek* steel producers dependent on the rest of the Community for their imports or semi-finished products. It could possibly *force them to invite other Com*munity steel producers to participate in their ownership to ensure competitive supply of the semi-finished products.

The Greek steel structure consists of an integrated steel mill, which imports all its coal and iron ore and most of its scrap and *is* now expanding *towards scrap-melting furnaces* and cold rolling, along with four mini-mills and two re-rollers. The mini-mills are said to face no problem of re*structuring, since their* investments were made in the 1970s, with the result that their technology and equipment are modern. One re-roller, Hellenic Steel, is now pushing through a $100m expansion of its cold rolling facilities.

Greek steel firms thought they were peculiarly well placed to face the challenge of the European Community. For that reason, their sense of having been sold down the river is more acute.

AN INDUSTRIALIST'S VIEW

"During the past six to seven years there have been no significant investments in industry . . . Until recently we did not have an economic policy, let alone a development policy. We only had a monetary policy and an actual sterilisation of productive activity . . . The conditions required by the private sector . . . include:

- ***Political stability;***
- ***A definite middle- and long-term policy which should*** **be known in advance and offer development targets and incentives;**
- **A consistent tax treatment;**
- **A definite financial treatment in line with the objectives to be pursued.**

". . . The state of Greek public administration is *the most serious obstacle to the movement of economic* resources among productive activities and also generates considerable costs which dull the competitive edge of Greek products"—Prof. Stratis Andreadis, *chairman of the Greek Association of Limited Liability* Companies.

Mr. Rallis: his traditionally loyal supporters claim government policy has weakened the industrial base.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

South Africa police give up control of Namibia

By Quentin Peel in Johannesburg

THE SOUTH African Police yesterday gave up control of the police force in the neighbouring territory of Namibia (South West Africa) to be *replaced* by an independent force.

The move is the latest consequence of the South African Government's policy of reducing its direct *control in the* territory — although the new South West African Police (SWAP) will still be under the authority of Mr. Danie Hough, the South African *Administrator General*, in Winhoek.

It follows the establishment of a South West African Territory Force, fighting alongside the *South African* Defence Force in the guerrilla war against the South West Africa People's Organisation (SWAPO) in northern Namibia, and the recent introduction *of conscription*.

Mr. P. W. Botha, the South African Prime Minister, has promised that the internal government in the territory, the Council of Ministers dominated by the pro-South African Democratic *Turnhalle Alliance, will* assume increasing responsibility for the security in the territory.

The policy seems certain to complicate international attempts under the auspices of the UN to work out a ceasefire and *constitutional settlement in* the territory.

It will create an increasingly powerful internal government as a third force between South Africa and SWAPO, which is clearly Mr. Botha's intention.

Although the local military and police forces now created do not yet fall under the direct control of the Council of Ministers, they are clearly steps in the direction of granting Namibia eventual independence from South African rule, whether or not this is approved by the UN.

Major General Dolf Gouws, *the* former divisional commissioner of the South African Police and now commander of SWAP, said he expected many South African men to stay in the force, although they were free to return to South Africa. He said there would be no racial discrimination in the new force.

ICI Australia drops threat to stop project

By Colin Chapman in Sydney

ICI HAS dropped a plan to suspend its £200m investment programme at Botany Bay after Mr. Malcolm Fraser, the Australian Prime Minister, withdrew the threat of a tariff review.

Mr. Fraser threatened the review after ICI opened negotiations with the unions for a 35-hour week in defiance of a plea from the *Prime Minister* not to do so.

Mr. Fraser met Mr. Milton Bridgland, ICI's Australian chairman, to discuss the withdrawal which Mr. Neville Wran, the Premier of New South Wales, said would have been disastrous for the State.

Coup in Thailand brings threat of wider unrest

BY ALAIN CASS AND DAVID BUTLER IN BANGKOK

Soldiers back up a tank in Bangkok, on guard against a counter-coup

THAILAND'S NINTH coup since the absolute monarchy came to an end in 1932 proves one thing: that this otherwise stable and relatively prosperous nation of 45m has yet to find an effective way of governing itself.

The almost ostentatious calm in Bangkok yesterday after the early morning announcement that a group of army officers had seized the machinery of Government hardly caused a ripple.

But the struggle for power unfolding in *Thailand may* yet turn into a bloody confrontation between opposing army factions, with serious implications for Thailand and South-East Asia as a whole.

Outside the supreme military command headquarters in the capital, groups of curious citizens strolled past soldiers guarding the compound where the nation's fate was being determined.

The young Thai *student* peering into the heavily guraded courtyard, hoping to catch a glimpse of army commanders coming to declare their loyalty to the rebels, commented: "It's nice to know that things are back to normal."

This *is not lost on the Thais*, for all their superficial equanimity. The news that Gen. Prem Tinsulanonda, the Prime Minister, was challenging the coup with the king's support from an air force base in north-east Thailand was widely regarded as the day's most serious development.

Thailand's position as a front-line state in the rivalry between China on the one hand, and Vietnam and the Soviet Union on the other, for supremacy over neighbouring Kampuchea is vital to the stability of South-East Asia.

A prolonged test of strength within the army could lead to an explosion of the dormant resentments between left and right-wing *political* factions. These have been largely suppressed since a day of blood-letting in 1976 sparked off by riots, which precipitated the end of Thailand's *last chaotic* experiment with full democracy.

The likelihood of Vietnam, which has 200,000 troops *stationed* in Kampuchea, taking advantage of political chaos in Thailand and marching on Bangkok is almost too remote to be credible.

What is possible, however, is an increase in cross-border forays by Vietnamese troops *against* Khmer Rouge guerrillas who use Thailand for refuge, and perhaps more Chinese interference — boosting arms supplies to the Khmer Rouge fighting inside Kampuchea, or providing more suporpt for *Communist groups active inside* Thailand.

Since 1932, the country has been governed by a succession of military strongmen interspersed with a few brief flirtations with democracy.

In recent years, Thailand's military rulers have groped towards a formula combining strong Government and an accommodation with the *country's unruly and* numerous feudal political parties.

Yesterday's attempted coup may yet turn ou o be a "family affair" within the army engineered by disgruntled younger officers who saw their demands for swift promotion into politics being snatched away.

However, their stated reason for the takeover—that Gen. Prem *had proved unable to* govern effectively and tackle Thailand's persistent economic problems—was a plausible pretext.

The unseemly bickering between two major parties in Gen. Prem's coalition government, over which minister would control oil purchases from abroad, became a public scandal and led to the coalition's collapse at the end of February.

A genuinely serious consequence of the break-up of the coalition was the departure from the Government of Mr. Boonchu Rojanasthien, Deputy Prime Minister in overall charge of the economy.

Mr. Boonchu attempted a major restructuring of the *Thai economy by lifting price* controls, allowing domestic fuel prices to rise to world levels, and forcing the pace of a re-distribution of income in favour of *the rural poor*.

Three weeks ago, Gen. Prem formed a second government, comprising mostly technocrats and Right-wing politicians. His failure to reappoint Mr. Boonchu Rojanashien as Finance Minister has led to a wide-spread feeling the positive progress experienced under his *economic policies will be lost*— particularly in the battle against inflation and in policies aimed at reducing the gross disparity of income between impoverished farmers in the north and north-east, and Thais living in the capital.

Despite the fact that Gen. Prem enjoys the confidence of both the king and a substantial section of the army—the twin pillars of *Thai society*—he managed to give the impression of losing his grip.

Gen. Prem's authority had already been undermined after a major controversy blew up last September, when he was *persuaded to carry on beyond* normal retirement age as commander-in-chief of the army.

Under normal procedures, the leader of yesterday's coup, Gen. Sant Chitpatima, 59-year-old deputy army commander-in-chief, wuold have taken over.

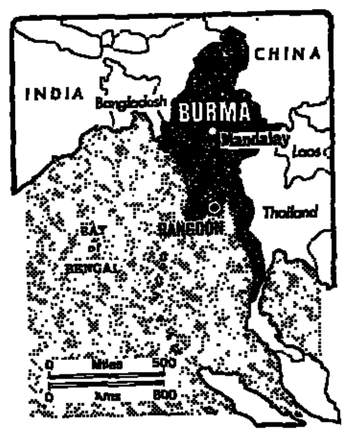
The army commander-in-chief is of crucial importance in the Thai military structure. Bitter wrangling apparently developed *behind closed doors* over the succession, with opponents of Gen. Sant, a highly controversial figure, saying his appointment would split the *army from* top to bottom.

Thailand is a constitutional monarchy, but the king is revered by most Thais.

King Bhumibol's intervention over the succession proved crucial, and opposition faded. The king's intervention is likely to prove as decisive in the present drama.

Burmese Government negotiates with Communist insurgents

BY DAVID HOUSEGO IN RANGOON



PRESIDENT NE WIN'S military regime has initiated negoti*ations with the Burmese Com*munist Party in the hope of bringing to an end the Chinese-backed insurgency in the mountainous north-east of the country. It is the first time the two sides have talked since 1963.

The Burmese President was encouraged to launch the initiative by the hCinese leadership when he visited Peking in last October. China, which has a common border with Burma, supplies most of the arms for the 14,000 insurgents who have tied down much of Burma's 170,000 army in costly and often bitterly *fought campaigns*.

Diplomats in Rangoon do not hold out high prospects for the success of the talks, but equally do not believe that Peking would have encouraged President Ne Win into making a peace offer unless there was *some possibility of agreement*.

They say that in spite of the signals from Peking that it would lower its support for Communist guerrilla movements *in South-east Asia as part of* its attempt to improve relations with South-east Asian states, there has been no tangible sign of a letting up in its backing up for the Burmese Communists.

None the less with negotiations in the offing, there has *been a sharp reduction so far* this year in the number of engagements between Government and insurgent forces and the regime has deliberately *withheld from* launching an offensive.

A major incentive for the régime to look for a settlement is that as a result of the insurgency the military absorbs a third of the budget

Stumbling blocks to negotia*tions in the past have been the* Communist Party's insistence that it be given de facto recognition of the areas it claims to control including much of *Eastern Shan State*, and the Communists' demands that they be allowed to hold their own public rallies in Burma.

Both points are not negotiable to President Ne Win, and it would have been unlikely for him to have initiated talks if he *thought the Communists* would hold fast on these points. A more probable source of difficulty is the Communists' demand that their troops be integrated into the Burmese army which could lay up trouble later if there was a power struggle within the military after Ne Win's death.

Egyptian arms sale to Iraq worth $25m

BY IHSAN HIJAZI IN BEIRUT

IRAQ'S PURCHASE of arms and ammunition from Egypt will be worth $25m (£11.18m) over the six-month period beginning March 1, according *to Arab diplomats here*. President Sadat announced the deal on Tuesday during a speech to Egyptian journalists.

The diplomats said Iraq *swallowed* its pride and turned to Egypt for the supplies after a second visit to Moscow by Mr. Tariq *Aziz*, the vice-Premier, had failed to persuade the Soviet Union to lift an embargo imposed last autumn, following the outbreak of the war *with Iran*.

The Sultanate of Oman reportedly acted as a go-between in the Egyptian-Iraqi deal. The diplomats said some of the ammunition and spare parts will be airlifted to Baghdad, while arms will be shipped to *Iraq via the* Jordanian port of Aqaba.

They also claimed that relations between Baghdad and Moscow, already tense because *of Iraq's suppression of pro-*Soviet local communists, have reached a crisis point.

Iraqi officials are said to have dropped hints recently of their interest in buying American weapons. An improvement in Iraqi-U.S. relations is expected following a visit to Baghdad by officials who will accompany Gen. Alexander Haig, the U.S. *Secretary of State, to the Middle* East later this week.

They may even discuss the re-establishment of diplomatic relations between the two countries which Iraq severed in the wake of the Six-Day

Analysts have noticed a drift by the Iraqi regime of *President* Saddam Hussein towards the right. They recalled that the Governments of Jordan and North Yemen are at present *Baghdad's main Arab allies*, not to mention the strong relationship between Iraq and Saudi Arabia.

Arab diplomats said the hardware Iraq will be getting from Egypt is part of the stock-piling of weapons intended for use for a new offensive

Khomeini call for Kurds to disarm

By Terry Povey in Tehran

AYATOLLAH Khomeini, Iran's revolutionary leader, yesterday called on all armed groups fighting the Islamic Republic to lay down their weapons and for a purge of the revolutionary courts to weed out those clerical judges who had acted against Islamic justice.

In a message to the nation to commemorate the third anniversary of the 1979 referendum which established the Islamic Republic, Iran's leader appealed to "all armed groups, all over the country, to surrender their arms and accept an amnesty."

This is seen as a fresh appeal by the Ayatollah to Iran's Kurdish minority which has been fighting the central Government's regional autonomy for the past two years.

Another major item in his anniversary message was the Ayatollah's "concern for those members of the clergy holding official positions in revolu*tionary courts and committees*."

Some of them, he said, had, by their behaviour, "damaged the integrity of the whole clergy in the eyes of the *faithful*". *He demanded* that special commissions be set up to review the work of these institutions and that any clerics found to have transgressed Islamic law should be tried.

● Mr. Andrew Pyke, the jailed British businessman, was visited in Tehran's Evin prison on Tuesday by two foreign diplomats.

Revolutionary court officials *told the diplomats*, in Mr. Pyke's presence, that accusations of spying previously made against him had been dropped, but they added that mbezzlement charges were *still being investigated*.

The dropping of the spying charges is seen as a clear indication that any link between Mr. Pyke's case and that of two Iranians awaiting *trial* in London has been dropped.

AMERICAN NEWS

Gun control body seeks a million members

By David Buchan in Washington

HANDGUN Control, biggest of the lobby groups dedicated to reducing use of pistols in U.S. life, yesterday announced plans to broaden itself into a mass organisation with 1m members.

Mr. Nelson Shields, head of the organisation, appealed to President Reagan to change his long-held stance against gun control. But Mr. William French Smith, who as Attorney General is the main Administration spokesman on law and order issues, said he doubted that Monday's shooting would change *Mr. Reagan's mind.*

One loophole may be plugged. There are the beginnings of bipartisan support for a ban on the import of unassembled gun parts. A 1968 law banned the import of assembled pistols, thus encouraging instead the import of their component parts, as was the case with the weapon which John Hinckley is said to have used against Mr. Reagan. Parts for this came from West Germany and were put together in Miami.

Senator Strom Thurmond, Repblican chairman of the Judiciary Committee, has said he will support a total import ban as part of a seven-point anti-crime programme he plans to introduce. Other provisions would focus on tougher sentences for criminals using weapons.

But even after the Reagan shooting, chances of getting tougher general gun control laws through Congress are rated close to nil by both sympathisers and opponents.

Long coal strike feared as miners say 'No'

BY PAUL BETTS IN NEW YORK

U.S. COALMINERS in the East *and Middle West have rejected* by two to one a proposed new three-year contract which would have brought an end to a strike by 160,000 members of the United mineworkers union. The stoppage has paralysed eastern coalmines since Friday.

The rejection represents a major defeat for Mr. Sam Church, who became president of the union last year and had hammered out an agreement with coal operators that would have averted the risk of a long *and damaging coal strike*

Following the rejection of the proposed agreement by the rank and file, there are now risks that last week's miners walk-out could turn into a long and bitter strike, longer, it is feared, than the record 111-day strike in the winter of 1977-78.

The rejection of the proposed contract was all the more surprising because it comes at a time when the miners' union appeared to have lost considerable influence. At the same time, coal operators are expected to be able to resist a long stoppage because of the record high level of coal stocks *at present.*

The proposed settlement called for three-year wage increases of 31 per cent as well as a number of other benefits. The miners did not appear to object to the wage part of the settlement, but rather to what one union official said yesterday was some "contract language changes." These seemed to have confused and angered the rank and file. Among such changes was a clause making it easier for unionised coal operators to give work to employees who were not members of the United Mineworkers.

Mr. Eldon Callan, the union's official spokesman, said the union would do everything in its power to reopen negotiations

The proposed agreement between the union leadership and the coal industry was reached last week. The rank and file started voting on the contract at the weekend. But in view of the old principle of "no contract, *no work,*" *the miners* walked off their jobs on Friday when the old contract ran out.

More banks cut prime rate to 17%

By David Lascelles in New York

MORE BANKS cut their prime rate by ½ percentage point to 17 per cent yesterday, matching moves by other banks to this level late last month.

Chase Manhattan, Irving Trust and European American Bank were among those that moved and others are expected to follow if the drop in interest rates that followed news of President Reagan's recovery continues.

On Tuesday, Citibank held its prime rate at 17 per cent at its weekly *credit* policy meeting. This dispelled fears that it might follow the example of Security Pacific, the large Californian bank which increased its prime rate to 17½ at the end of last week, acknowledging that the move to 17 per cent might have been premature.

Foreign policy 'business as usual'

By Jurek Martin, U.S. Editor, in Washington

Mrs. Kirkpatrick: no regrets after 'a traumatic meeting'

THE REAGAN Administration, intent on demonstrating the continuity of foreign policy in spite of the attempt on the President's life, will despatch Mr. Alexander Haig, the Secretary of State, and one of his principal deputies to the Middle East and Africa within the next week.

President Reagan himself still plans to visit Mexico to confer with President Lopez Portillo at the end of the month, although that will depend on the advice of his doctors.

The Treasury Secretary, Mr. Donald Regan, will meet other Finance *Ministers* of the Group of Five industrialised countries (U.S., Britain, West Germany, France and Japan) in London on April 10, before going on to Bonn and Paris.

It must be unlikely, however, *that Mr. George Bush, the* Vice-President, will be able to attend a Geneva meeting on African refugee problems on April 9-10. This had been considered a key goodwill gesture by the U.S. towards black African states concerned about the direction of U.S. African policy.

Mr. Haig's Middle Eastern tour, which includes stops in Spain and Britain on the return leg, assumes particular significance not only because of its policy implications but because of the controversy surrounding Mr. Haig's performance in the crtical hours after the President was shot.

The leading White House officials, Mr. Edwin Meese and Mr. James Baker, insisted yesterday that they were in no way dissatisfied with Mr. Haig's assertion of control on Monday before Mr. Bush returned from Texas, and they denied that Mr. Haig and Mr. Caspar Weinberger, the Secretary of Defence, had clashed

Mr. Weinberger was reported to have been upset that Mr. Haig had given an innaccurate public justification for assuming temporary command and had usurped the authority of the Defence Secretary in stating that U.S. military forces around the world had not been placed on a higher state of readiness.

Opinions also differ sharply on Mr. Haig's public demeanour on Monday afternoon. The White House insisted that he was calm and colected throughout, but in a television appearance he appeared alternately over-confident and over-emotional.

It is obviously critical for this Administration at this juncture to convey to the world the impression of steadiness and harmony. Mr. Haig, by dint of his office and by the fact that Mr. Bush is necessarily *pre-occupied with filling in for* Mr. Reagan in day-to-day Government, must be seen as an effective and trusted manager of foreign affairs.

In confirming yesterday that Mr. Chester Crocker—named, but not yet confirmed, as Assistant Secretary of State for African Affairs—will be visiting that continent shortly, the White House affirmed its commitment to help create a genuinely independent and democratic Namibia.

In formulating African policy, the Administration has been criticised for sending out signals that it wants a closer *relationship* with South Africa, which would be anathema to black African nations. Mrs. *Jeane Kirkpatrick, U.S. ambas*sador to the UN in an interview given last Friday but only published yesterday, partly confirmed that this remained a goal.

She was unrepentant about her controversial meeting with South African military officials in Washington two weeks ago, though she said the experience had been traumatic. She argued that the meeting might have helped prod the Administration into completing its African policy review.

Tories spurn Trudeau offer on consttution

By Victor Mackie in Ottawa

THE CANADIAN Opposition has rejected an offer by Mr. Pierre Trudeau, the Prime Minister, to allow the Supreme Court to determine the legality of his constitutional proposals before referring them to the British Parliament for approval.

The Prime Minister made his offer following the unanimous verdict on Tuesday of the Newfoundland court of appeal that Mr. Trudeau's proposals for constitutional reform were illegal. Earlier this year the Manitoba court of appeal took the opposite view.

The Conservatives yesterday described the Prime Minister's proposal as "illegal and immoral."

WORLD TRADE NEWS

Hong Kong hit by slump in exports

By Kevin Rafferty in Hong Kong

HONG KONG'S exports slumped badly in February, showing the first decline for years in dollar values. According to provisional figures just released, domestic exports in February 1981 were less than HK$4bn (£340m)—a fall of 5 per cent on the figures for February last year and a 38 per cent drop on January 1981 exports.

To some extent the trade position has been retrieved by the continuing boom in re-exports, which were almost *HK$2.9bn in February,* a more modest 13.5 per cent fall on January, but a 61 per cent increase on the February 1980 re-exports.

Officials cautioned against reading too much into one *month's* figures, especially those for February, when work was interrupted by the Chinese New Year holiday.

Although it is still too early to talk of the world recession starting to bite, there are some *disquieting* signs, notably the continuing growth of the trade gap. Imports fell, by almost 15 per cent on January's figure, to just over HK$9bn in February, according to the provisional figures.

***The trade gap doubled* to HK$2.274bn in February compared to just over HK$1bn in January, and HK$1.2bn in February last year.**

The latest figures will give greater urgency to the Government campaign to resist any further curbs through the multifibre arrangement which is being renegotiated.

China's export zones go for growth

BY DAVID DODWELL

CHINA'S special export zones are to continue their rapid growth, despite retrenchment throughout the rest of China, according to Mr. Liu Tianfu, new governor of Guangdong, the province neighbouring Hong Kong.

Such rapid growth is likely to enhance still further Hong Kong's critical role in the *development of southern China.* Latest figures show that entrepôt trade has soared as new factories mushroom inside China and as raw materials and equipment are needed by them.

The comments from Guangdong's governor come at a time of increasing restlessness inside Hong Kong over the British colony's long-term future.

They are likely to add weight to assurances given in Hong Kong early this week by Lord Carrington, Britain's Foreign Secretary, that *mainland* China appreciates the territory's role in the development of the hinterland and does not intend to alter the *status quo.*

One Hong Kong-based expert observed: "The Chinese are evidently concerned that national economic retrenchment, including the scrapping of many major capital construction projects, does not seriously disrupt the planned development of the special export zones."

At present there are four such zones. Shenzhen, Zhuhai and Shantou, in Guangdong Province very close to Hong Kong, and Xiamen, in Fujian Province.

The zones have been established to attract into China foreign companies which will manufacture only for export. Among various privileges, they can import machinery and raw materials duty free, and are taxed at a special rate.

Shenzhen is by far the most advanced of the zones, but considerable activity is reported as the relevent authorities prepare the other zones with the infrastructure they need to attract foreign investment.

There are numerous other indications that provincial authorities in southern China are eager to boost economic links with the West, even at a time when the brakes are being put on in Peking.

● Kaochi airport, near Xiamen in Fujian province, is to be brought back into *operation after being out of use* for 30 years.

● A seminar has just ended in Shenzhen on China's offshore oil exploration programme (French companies have recently announced two "promising" strikes in the area). Canton is to have a "petroleum centre" to house foreign experts working on offshore fields.

● In Shanghai, 11 six-storey apartment blocks have just been completed by two Hong Kong property developers—for sale to overseas Chinese who can use them for their relatives, their authorised representatives, or themselves.

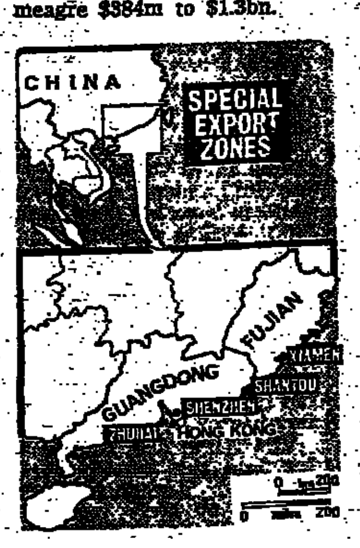
But clearest of all is the rapid growth of compensation trade arrangements and joint ventures, mainly between Hong Kong and the hinterland.

The Hong-Kong Chinese language paper, Da Gong Bao, recently listed 17 "equity joint ventures" now in operation, ranging from a lift company and spectacle manufacturer to a pig farm and artificial flower factory. About 300 ventures involving compensation trade were established in 1980.

Mr. He Yao, in the Shenzhen, special export zone deputy director, reported early in January that 490 enterprises have now been established. More than 300 of these are already in operation, producing a variety of goods, from toys, knitwear and radio cassettes to building materials.

The growth on the special export zones is reflected in the growth—and changing pattern—of trade between Hong Kong and mainland China.

Overall trade between Hong Kong and China grew by 66 per cent between 1979 and 1980, from $3.4bn to $5.7bn. While China's exports to Hong Kong grew by 45 per cent, to $4.4bn, Hong Kong's exports to China leapt by 227 per cent, from a meagre $384m to $1.3bn.



At the heart of this growth, re-export business is growing much faster than purely bilateral trade. Between 1979 and 1980, re-exports grew from 39 per cent of total trade to 46 per cent.

By far the strongest impetus is from re-exports coming through Hong Kong into China rather than the other way *round:* China's re-exports through Hong Kong grew by $555m, or 49 per cent, over the year, while Hong Kong's re-exports to China leapt by 254 per cent, from $670m to $933m.

Detailed examination of the pattern of Hong Kong's re-exports shows the close link with rapid growth of light industry in the hinterland.

Between 1978 and 1980, textile re-exports soared from $4m to $275m; telecommunication, sound recording and reproduction apparatus rose from $1m to $89m over the same period; electrical machinery leapt from *nothing to $52m,* while road vehicles also rose from nothing to $57m.

While the southern Chinese provinces continue strong growth—the Guangdong authorities claim 8 per cent industrial growth in 1980—Hong Kong's critical role is clear.

It is not only an unparalleled source of investment, but a base for technology imports and a model for China to learn by. It offers south China's best deep water port, and the regions best *international airport.*

Perhaps most important of all is its role as a major base for the West's international banking, and a home for Western companies reluctant to put down roots inside China.

Throughout the 1970s, Hong Kong was the source of about one-third of China's convertible currency earnings. If anything, the colony's importance is growing: in 1979, Hong Kong was the source of 40 per cent ($5.8bn) of China's $14.6bn foreign exchange *earnings.*

At the recent fifth Provincial People's Congress, Mr. Tianfu said his province would "continue to welcome outside participation in the economy despite the policies of economic readjustment dictated by Peking.

"The pace of development (in the special export zones) should be quickened, with greater powers delegated to them in the coming year."

In particular, Mr. Tianfu said the Guangdong authorities would encourage foreign investment in energy and transport sectors. Other areas to be boosted are in the renovation of old industries, marine products, housing, and tourism.

"*The key consideration* will be the ability of enterprises to earn profits and foreign exchange earnings," he said.

GKN wins £1m Cuba order

By Our World Trade Staff

THE UK's meagre trade with Cuba has been given a boost by the winning by GKN Lincoln Electric of an order *for more than 300 welding* power supply units worth £1m.

The order is abnormal because of its size. The units are usually bought in ones and twos. It follows an order placed last year for about 150 units.

"This is one of the largest export orders for welding equipment secured by a British company for several years," said Mr. Brian Small, the GKN Lincoln Electric sales director.

Because the units have no strategic value, the company did not run into any problems caused by U.S. sensitivity over Western powers trading with Cuba. The UK's trade with Cuba, however, is at a low level, with exports of £35.2m last year. Main sales, worth £10.6m, were in the machinery and transport equipment categories.

● GEC Gas Turbines of Leicester is supplying two gas turbine drive units and a spare gas generator worth £3m to Ishikawajima-Harima Heavy Industries, the *main* plant contractor for the Bombay High South offshore platform owned by the Oil and Natural Gas Commission of India.

● Baker Perkins of Peterborough has won orders for printing presses from two Canadian companies, Richardson Bond and Wright, and Southam Printing. The orders are worth $7.5m (£3.3m).

● Dowty Mining Equipment has orders for £2m worth of powered roof supports for mines in Mexico.

UK 'must try harder in Nigeria'

BY MARK WEBSTER

BRITISH COMPANIES are losing business in the Nigerian market because they are not aggressive enough and will not "bend the rules," according to a senior Nigerian Minister.

Mr. Alhaji Umaru Dikko, the Nigerian Minister of Transport, said in London he would be *happy to see more British* businessmen bidding for contracts but added: "We find generally that the British businessman is overcautious. We are not saying he should be reckless, but a certain amount of risk needs to be taken."

The Minister said large contracts would be awarded soon for phase one of the £1bn railway connection from Port Harcourt to the Integrated Iron and Steel Mill at Ajaokuta.

John Laing construction is bidding for part of the work between the towns of Umuahia and Enugu as part of European consortium. But the Minister said other European and Japanese companies had been more active in trying to secure the major contracts.

He said British companies had shown more interest in the £250m worth of rolling stock and other equipment which Nigeria wanted to buy for its existing railway system.

"*One would wish to see many* more British coming to Nigeria. But also we would like to see them more interested in investing rather than simple trading," he said.

The Minister said his department would also be awarding contracts next year for the construction of a deep sea port capable of handling ships up to 30,000 to 40,000 tonnes.

A Japanese company has already produced a report on the feasibility of siting the port near Lagos. The Government has decided that it will now look at the entire coastline to see where the port would best be sited.

The Transport Ministry will also be awarding fresh contracts for *improving river transporta*tion and expanding the merchant fleet, the Minister said.

Other contracts in Nigeria which are pending include a possible £75m with Vickers to supply tanks for the Nigerian army. Vickers refused all comment, but Nigerian officials said the deal was still being negotiated.

Diplomats stressed that there was no question of a single £660m arms package being sold to Nigeria. There had been speculation that the British might land such a package, but diplomats said British companies were bidding against other countries and no total figure had been mentioned.

Nigerian officials said they would not "put all their eggs in one basket" when buying arms, though some of the contracts were "quite likely" to go to British companies.

Iran trade mission visits Swiss

By John Wicks in Zurich

IN THE FIRST visit of its kind to a Western country since the Iranian revolution, an Iranian trade delegation is this week holding talks with representatives of Government and the business community in Switzerland.

The five-man group is headed by Dr. Hazerate Zade, Director-General of the country's Ministry of Fisheries, and includes high-ranking trade officials from the Ministries of Foreign Affairs and Commerce.

According to the Iranian embassy in Berne, a decision will be made tomorrow on whether the delegation will go on to visit any further European countries.

The talks are hosted by the Swiss Federal Office for Foreign Economic Affairs and the Iranian-Swiss Chamber of Industry. It is understood that a long-standing invitation was taken up by Iran at short notice.

The delegation's programme includes meetings with Government officials and talks with the Swiss engineering and chemical industry associations, the three leading banks and importers of carpets and other products. A visit may be made tomorrow to the Winterthur Engineering works of Sulzer Brothers.

It is not known whether the question of possible credits will be aired with the banks. It is considered unlikely that the delegation will discuss oil supplies, Swiss companies' assets in Iran, or the Iranian Goverment's call for the freezing of Swiss assets of the ex-Shah's family.

Soviet gas threat discounted

BY LESLIE COLITT IN BERLIN

A PLANNED natural gas deal with the Soviet Union would only marginally increase West Germany's total dependence on Soviet energy supplies, according to the German Institute of Economic Research (DIW) in West Berlin.

The U.S. has opposed the building of a 5,000 km pipeline from Western Siberia to Western Europe which would be paid for by Soviet natural gas shipments of some 40bn cubic metres annually.

Some 12bn cubic metres would go to West Germany. U.S. officials have expressed anxiety that this amount of Soviet energy could make Bonn susceptible to political pressure from Moscow.

The institute notes that an increase in Soviet natural gas deliveries to West Germany from the present level of 10.8bn cu. metres to 24bn by 1990 would mean the Soviet Union would supply some 30 per cent of West Germany's gas require*ments, compared with 18.2 per* cent at present.

The institute points out that, according to present projections for West German energy consumption, this would mean Soviet natural gas would make up about 5.5 per cent of total West German overall energy supplies in 1990 compared with the 3 per cent it contributed last year.

Soviet exports of oil and enriched uranium to West Germany are expected to fall sharply in the coming decade, it adds. Moscow has indicated it wants to substitute gas for scarcer oil in its energy exports to the West.

West Germany's requirements for enriched uranium are increasingly being met by Euratom in Western Europe. Together, Soviet gas, oil and enriched uranium made up 7 per cent of West Germany's total energy consumption last year.

The institute says that in 1978 and 1979, Soviet enrichment of West German uranium made up half of West Germany's total enriched uranium imports and still amounted to 40 per cent in 1980.

Jamaican leader makes good his promise to 'find millions'

BY CANUTE JAMES IN KINGSTON AND JOHN MAKINSON IN IN LONDON

THE AGREEMENT between Jamaica and the International Monetary Fund on a three-year credit programme totalling almost $700m will provide a welcome boost to Jamaica's strained economy and should also put on a much sounder footing the island's rather battered relations with the international financial community.

The agreement, already approved by M. Jacques de Larosiere, the Fund's president, should be formally ratified in about a fortnight. It will release a backlog of other loans which should be worth almost $900m to Jamaica in the financial year beginning yesterday.

Negotiations for the assistance, seen as essential to the survival of the island's economy, have been prolonged by problems which had not been expected by Mr. Edward Seaga, the Prime Minister and Finance Minister. The talks began in *December. Although the* Government has remained silent on the reasons for the delays, financial experts and bankers suggest the Fund has been asking the Prime Minister to implement in advance some of the stringent conditions thought to be attached to the agreement.

It is understood that, as part of the agreement, the Jamaican Government will be required to sell a long list of loss-making state-owned companies, many of which were bought by the previous Social Democratic administration of Mr. Michael Manley.

Mr. Seaga, who has accepted this provision, says the companies lost about $114m last year and are carrying accumulated deficits over the past four years of $300m.

Mr. Horace Barber, Jamaica's Financial Secretary, said yesterday from Montreal that the delays had been caused principally by difficulties in bringing forward tax measures sought by the Fund. He added that the Government is now trying to accelerate a comprehensive review of the country's fiscal system.

The Government also had to repair relations between the Fund and Jamaica, which deteriorated last year under Mr. Manley's Administration. Mr. Manley broke off talks with the Fund on further credits, and his Government failed to meet performance criteria stipulated by the Fund as conditions for the release of tranches of a $475m package agreed in 1978.

Mr. Manley said the conditions which the Fund was asking were neither politically nor economically acceptable. He failed, however, to find financial support from other sources, and the economic problems worsened, weakening the previous Government's popular support. Mr. Seaga swept to power in last October's general election on a promise to go back to the Fund.

Release of the other credits is contingent on the ratification of the agreement by the Fund's executive board, but it would be almost unprecedented for the board to reject a proposal already nodded through by the Fund President.

A steering committee of eight *international banks, chaired by* Citibank, is arranging a $70m seven-year Eurocurrency loan for the country and, at Jamaica's request, is seeking to delay payments on $103m of debt which should have fallen due over the next two years. This rescheduling will entail the agreement of about 100 *banks and should be in place by* the end of May.

M. Jacques de Larosiere, right, has approved the agreement with Mr. Edward Seaga, left.

The agreement by banks and other lenders to let Jamaica defer repayment should be worth almost $150m in the current fiscal year alone. Jamaica should be able to draw around $300m from the Fund in the first year of the agreement, and *balance-of-payments support* credits by donor countries and such international agencies as the World Bank and the Inter-American Development Bank should add roughly another $350m to the country's receipts.

Jamaica should also be able to draw on a $60m loan from the U.S. Government, of which only $10m has been deposited in the Bank of Jamaica.

The agreement *with the* Fund, which runs parallel to an existing compensatory agreement worth around $45m this year, will be reviewed a year from now. Jamaica will be able to draw a further tranche provided the terms of the agreement have been met.

Mr. Barber said the credit would enable Jamaica to obtain the resoruces it needed to build up the economy. "When you marry this credit to the interest shown by foreign investors, it augurs very well for Jamaica," he said. Mr. Barber estimated that Jamaica would record a real growth rate of 3 per cent this year and added: "If we got to 5 per cent, I would be exhilerated."

Jamaica needs the Fund's *short-term assistance to help* pay an oil import bill expected to total around $4.5bn this year. Last year's trade deficit was around $300m, and the economy is alo burdened by the need to service external debt of around $1.6bn.

Over the past two years, the lack of foreign exchange has resulted in periodic shortages of food, raw materials, drugs *and factory spares.*

It now seems Mr. Seaga's pre-election claim that he could find millions in foreign financial support was no idle boast. His pro-American policy has also brought help.

President Ronald Reagan appointed a committee, headed by Mr. David Rockefeller of the Chase Manhattan Bank, to oversee U.S. investment. The Prime Minister says the Government is studying investment proposals, most from the U.S. with a total potential value of $450m.

But the formidable economic problems Mr. Seaga faces will tax even his financial abilities. And he will have to deliver quickly on his many election promises.

Eximbank delays loan

BY OUR WASHINGTON CORRESPONDENT

The Export-Import Bank is delaying final approval of a $290m (£130m) loan to Ansett Airlines, the domestic Australian carrier owned by Mr. Rupert Murdoch, the publisher, *for the purpose of buying* Boeing jets.

Though the bank has not said so, the delay on the loan, originally due this week, is connected with the recent request by Senator William Proxmire, who asked the bank to hold its hand until the General Accounting Office had completed an inquiry into the loan.

Ex-Im officials said yesterday that any delay was quite separate from the investigation opened last month by the Justice Department to determine whether the loan had been politically motivated.

Shipping company to pay $1m damages

By Raymond Hughes, Law Courts Correspondent

ATHOS Shipping Co., a Panamanian company, was ordered by the High Court yesterday to pay more than $1m (£447,000) damages for wrongfully withdrawing a ship under a charter-party.

Mr. Justice Neill, in the Commercial Court, awarded the damages to Telfair Shipping Corporation, part of the U.S.-based Golodetz group.

The judge said that Athos chartered the 15,000 ton motor vessel Athos to Telfair, which subsequently refused to reimburse the owners for additional war risk insurance premiums, amounting to nearly $80,000, in respect of a voyage to the Gulf in February last year. Telfair regarded the sum as excessive.

Athos contended that the refusal was a breach of the charterparty and withdrew the vessel on May 29. Had it not been withdrawn the hire period would have continued until early 1982.

The judge said that the owners were entitled to the full additional premiums. When charterers had the right to require a ship to be sailed for their advantage into dangerous areas, the charterparty was to be construed as imposing an obligation to reimburse the owners for the additional insurance cost. Telfair was obliged to pay the extra $80,000 to Athos.

But, the judge said, under the terms of the charterparty, Telfair had not been obliged to pay the additional premiums until it made its next hire payment, which had not been due until June 20, 1980. Therefore the owners had not been entitled to withdraw the vessel

Appointment of Mr. V. J. Gersten

MR. V. J. GERSTEN has been appointed a non-executive director of Saint Piran following the resignation of Mr. Robin Ching from the board.

Mr. Ching was no longer managing director of the company, as reported yesterday. He relinquished that post on June 30 last year. Saint Piran said that Mr. Ching was not, and never had been, on the board of Saint Piran (Hong Kong).

Doubts on N. Sea depletion plans

BY RAY DAFTER, ENERGY EDITOR

A WHITEHALL tug-of-war is developing over schemes that would involve cuts in North Sea oil production.

The Government is preparing detailed depletion policies which could be outlined to the offshore industry in a few months and implemented from early next yaer.

With UK production exceeding domestic oil-consumption, a position confirmed by figures released yesterday, Mr. David Howell, Energy Secretary, has said he wants to "flatten the hump" of snurplus oil production in the 1980s.

Such a policy would maintain self-sufficiency into 1990s and possibly beyond.

But papers being prepared by Government Departments cast doubts on whether significant depletion measures will be implemented.

The Treasury is believed to argue output should not be restricted seriously because the country badly needs offshore oil revenues. As it is, output over the next few years will be at a lower level than originally forecast because of development delays and reservoir problems.

The Foreign Office is thought to be advocating cautious, warning that tough depletion measures could send damaging signals to members of the Organising of Petroleum Exporting Countries. They might take the cue to reduce their production levels further.

Furthermore, the Foreign Office is concerned about the possible reaction of Britain's trading partners, the main recipients of North Sea oil exports, to an arbitrary cut in output.

It is understood that a consortium of banks; set up to fund the proposed £2bn gas-gathering network initially, is seeking assurances that the Government will not introduce a depletion policy endangering the project's viability. Much of the gas to be carried will be produced in association with crude oil.

The Energy Department has promised the UK Offshore Operators Association, representing the oil industry, it will discuss its detailed proposals before mid-summer.

Under the Government's existing depletion assurances, the so-called Varley Guidelines, Mr. Howell cannot cut the production level of any field before the start of next year.

Mr. Howell has said he will adopt a flexible approach to depletion, that decisions will be taken on a field1by-field development of British National Oil Corporation's Clyde Field for two years, although he has indicated he may take a similar decision with the Phillips Group's T Block complex

Other depletion options are open to the Government.

Provisional statistics published yesterday by the Energy Department show that in the December-February quarter UK oil production totalled 21.52m tonnes, an increase of 8.2 per cent over the corresponding period in the previous year.

On the other hand the domestic use of oil fell by 13.8 per cent over the corresponding period, to a quarterly total of 20.2m tonnes.

Trends suggest that the surplus of production over consumption will increase as the year progresses. Latest British Petroleum estimates indicate the UK demand for oil products this year will be only 65m tonnes, an 8.5 per cent drop from the level in 1980.

If refinery fuel and bunkers are taken into the reckoning, UK oil demand this year should be about 71m tonnes. The Energy Department forecasts domestic production to be between 80m and 95m tonnes.

Yesterday's provisional figures show overall UK energy demand in the December-February quarter was 6.2 per cent down on the corresponding period a year earlier.

Total production of primary fuels (oil, gas, coal, nuclear power and hydro-electricity) rose by 4.4 per cent to the equivalent of 93.6m tonnes of coal.

Energy consumption, on a primary-fuel input basis, was 94m tonnes of coal equivalent.

Whitbread to cut 252 jobs at Luton

BY GARETH GRIFFITH

WHITBREAD is to cut 252 jobs at its Luton brewery, nearly half the workforce. Annual capacity will be reduced from 1.1m bulk barrels of beer to 650,000.

Mr. Roger Tatham, managing director of Whitbread London, the subsidiary which covers London and East Anglia, said the measures were part of a survival package for the brewery. Its costs are the highest in the group.

Whitbread has given the brewery until July to prove its viability. The redundancies will cost the company £2.5m and are at all levels within the brewery workforce.

Whitbread London wants to introduce more flexible working practices at the brewery. All workers are to be given salary status and organised in groups of 10 under a manager.

The company has asked the Transport and General Workers Union to absorb its white collar section at the plant so negotiations can be across the board.

Whitbread London, which has held talks about the cuts for several months, is suffering from a general fall in beer sales.

Whitbread is also closing depots at Tottenham and Lewisham in London with the loss of 200 jobs and says it is looking at ways of economising throughout the company. Whitbread London wants voluntary redundancies at nine distribution depots.

The announcement of the slimming down exercise at Luton had been expected. Whitbread's new £51m Magor brewery has been completed and the company like the other major brewers is switching its investment emphasis away from plant to improving its public houses.

'Degenerate' painting by Munch fetches £700,000

SALEROOM

BY ANTONY THORNCROFT

IMPRESSIONIST and modern paintings are suddenly very much in demand. On Monday Christie's had a successful auction and yesterday Sotheby's exceded its own high estimate with a total of £7,144,500, for its major spring sale, with just 6 per cent bought in. Bidding was international, with many private buyers.

Top price was the £700,000, plus 11.5 per cent in buyer's premium and VAT, paid by an Oslo dealer, Bernsten for Two People, a 1908 painting by the Norwegian artist EdVard Munch. It was sold in 1937 to yesterday's vendor by the Nazis as a "degenerate" picture.

Another lot to exceed its estimate by £200,000 was a Van Gogh, La Bergère d'après Millet. It sold for £550,000 to a private European collector. This painting was sold at Sotheby's in 1978, as part of the von Hirsch collection, for £210,000. A Picasso, Verre, Bouquet, Guitare, Bouteille, was slightly below estimate at £400,000, but in New York in 1964 it sold for just £42,000.

Other high prices were the £340,000 for Pins, Cap d'Antibes, by Monet; £250,000 for Cartes à jouer, a 1914 work by Picasso; £210,000 for Femme Nue aux Coussins Verts, by Renoir; and £195,000 for a Degas, Femme à sa Toilette.

Two auction records were the £165,000 for La Corda Rota, by the Surrealist artist Chirico; and the £39,000 paid for a maquette by Henry Moore. It is a sketch for a stone sculpture and is just 7 inches high.

As Christie's, Rio Tinto Zinc, the mining corporation, paid £6,000 for a first edition of De re Metallica, by Georgius Agricola, published in 1556. It is the first systematic treatise on mining and metallurgy.

Expansion, devaluation blueprint for Labour

By Peter Riddell, Economics Correspondent

A NEW economic strategy combining expansionary measures and a devaluation in the exchange rate of 40 to 50 per cent was described yesterday as an "attractive and important" package by Mr. Peter Shore, the Shadow Chancellor.

Mr. Shore was speaking at a Press conference to launch a book entitled Monetarism or Prosperity? which amounts to a detailed blueprint for a new Labour economic approach.

The authors, Mr. Bryan Gould, a former Labour MP, Mr. John Mills and Mr. Shaun Stewart, strongly attack "monetarism" and what they see as the resultant problems of high interest rates and an over-valued currency.

They say that the conventional obstacles to economic growth—inflation, balance of payments and "supply side" problems—can be overcome if the exchange rate is devalued by a sufficiently large amount to ensure competitiveness.

The authors claim that much of the inflationary pressures produced by a devaluation can be contained by reduction in unit costs through expansion and a flexible wages policy. This should permit manufacturing industry to pay higher wages

In his foreword Mr. Shore says that "economic expansion, not inflation, not the exchange rate, not the size of the public-sector borrowing requirement, not the level of public expenditure and certainly not the fulfilment of paper targets for the growth of the money supply should be the central purpose of economic policy."

He shares the authors' belief that "a competitive exchange rate is the key, and further that the weight of financial opinion, from the financial institutions of the City and given authority by the Bank of England, has ben the particular incubus on Britain's post-war economic policy."

Monetarism or Prosperity? by Bryan Gould, John Mills and Shaun Stewart: Macmillan, £15 hardback, £5.95 paperback.

Accountants will be allowed to advertise

BY MICHAEL LAFFERTY

ACCOUNTANTS in public practice will be permitted to advertise their services in local newspapers after September 30.

This major change of policy by the Institute of Chartered Accountants and the Association of Certified Accountants comes more than a decade after the Monopolies Commission called for advertising restrictions to be lifted in the profession.

From October accountants can advertise accountancy, book-keeping, trust work, personal or corporate tax or both, together with advisory services related to any of these.

Each announcement must include a statement that the basis of the fee charged will be the subject of discussion before an assignment is accepted.

Professional rules will require that advertisements:

- Should not contain explicit or implicit criticisms of the professional services of others;
- Be factual and not likely to mislead;
- Should not refer to fee levels;
- Should not make a claim to any particular expertise;
- Be of a style and content "appropriate to the profession."

Mrs. Sally Oppenheim, Minister for Consumer Affairs, welcomed the relaxation of the profession's advertising rules yesterday.

"These appear to go a long way towards remedying or preventing the adverse effects identified by the Monopolies and Mergers Commission report," she said.

Mrs. Oppenheim added that British accountants working abroad would be required to observe the ethical requirements of the countries where they were in practice.

Coastguard to step up war on oil pollution

BY OUR SHIPPING CORRESPONDENT

THE GOVERNMENT is strengthening arrangements to deal with marine oil pollution and giving the Coastguard greater responsibilities in dealing with oil-spill emergencies.

The Marine Pollution Control Unit, set up in 1978 after some bad oil spills, has recently recruited eight specialist Marine Pollution Control Officers. They will work in the Marine Survey districts and act locally for director of the unit, Rear-Adm. Michael Stacey.

The Coastguard is also taking on work previously done by principal officers of the Department of Trad's Marine division.

Coastguard officers will assess reports of marine pollution threats and inform the unit of the situation. This is to ensure quicker response to pollution risks.

If they cannot establish contact with the unit in 15 minues they are authorised to call in reconnaissance aircraft and dispatch tugs with dispersant.

The Government is studying plans to hire fixed-wing two-engined aircraft to spray dispersants on oil slicks.

Two fully-laden very large crude carriers pass through the Straits of Dover on average every day, as do 50 smaller tankers.

Drop expected in value of invisible earnings

BY DAVID MARSH

BRITAIN'S overall invisible earnings from banking, tourism, shipping and other service industries are likely to fall after making allowance for inflation this year. This is mainly because of intense world-wide competition and the strength of sterling.

This is the conclusion of a survey by the London-based Committee on Invisible Exports, which says the outlook for invisibles remains "relatively poor" this year.

The committee questioned the main UK service industries on their prospects for 1981. It forecasts that overseas earnings (gross invisible receipts less expenditure incurred abroad) should grow by 3 to 4 per cent in current price terms this year, considerably less than the inflation rate.

Inward tourism receipts are expected to rise by about 2 per cent in real terms, reflecting a 1 to 2 per cent increase in the number of visitors.

These forecasts indicate some improvement from the 1980 performance. But nearly all sectors of the invisibles industry expect a reduction in their market share of world invisibles trade.

Banks expect to fare best, with the value of their banking business rising by 15 per cent as a result of increased international lending and foreign exchange business. But margins are likely to fall by about 3 per cent. Shipping and consulting engineering earnings are expected to fall.

Net overseas earnings from civil aviation are expected to rise by less than the 3 to 4 per cent average, reflecting a substantial fall in real terms.

Net insurance industry earnings are forecast to rise by only 1 to 2 per cent, again much less than the inflation rate.

Assurance given over control of Scottish bank

LORD BARBER, chairman of Standard Chartered Bank, has written to Scottish Conservative MPs assuring them that after the proposed merger with the Royal Bank of Scotland the management of the new bank's Scottish operation would remain in Edinburgh, writes Ray Perman.

MPs have received letters from shareholders and customers of the Royal Bank. These expressed concern about aspects of the merger. The letters prompted Lord Barber to write to Mr. Iain Sproat, MP for Aberdeen South, who is chairman of the Scottish Conservative backbench group.

Mr. Sproat circulated the letter to members of the group, which met last night to consider the merger.

Opposition in Scotland has concentrated on two issues. One is the loss of top-management decision-making which would probably follow a merger of the two banks. The other is the involvement of the Royal with Standar Chartered's interests in South Africa.

The Church of Scotland became the latest body to criticise the merger when its church and nation committee issued a statement yesterday. It said the merger would "considerably disturb those depositors and shareholders who want to continue to support an essentially Scottish bank under Scottish control."

Other bodies opposing the merger include the Scottish TUC, which called for referral to the Monopolies Commission, and the Labour and Scottish National parties.

Criticism from the financial community in Scotland has been muted. However, Mr. Peter de Vink, managing director of Edinburgh Financial and General Holdings, suggested many businessmen were critical of the merger but unwilling to express opposition in public.

Offer-letters from Schroder Wagg, acting for Standard Chartered, will go to Royal Bank shareholders in about 10 days.

Apart from a 16 per cent holding by Lloyds Bank and one of 7.26 by the Kuwait Investment Office ordinary shares in the Royal are widely distributed among small investors.

New team believes BPC is on threshold of recovery

Ray Maughan reports on the moves to save a major printing group

MOST OF the major financial institutions had given up hope of BPC, one of the largest printing groups in Europe, by the turn of last year. But under a new management partnership of Lord Kearton the new non-executive chairman and Robert Maxwell chief executive it believes it is on the threshold of recovery.

They make an unusual team. Lord Kearton is the former chairman of one of Britain's foremost textile groups, Courtauld. He has held a series of important public appointments and remains a director of the merchant bank, Hill Samuel.

His partner has been a controversial figure involved in reversal takeovers and co-operative ventures, but he has been somewhat out of the public eye recently.

They are now tackling the problems of what they both believe are the legacies of management and union failures. The problem is immense. They are taking on a hefty loss-maker whose competitive position worldwide has been severely damaged by the value of sterling and what they see as excessive pay awards. Neither is afraid to equate the burden of BPC with the handicaps carried by British industry at large.

BPC's position early last autumn had looked hopeless. It lost £4.5m before tax in the six months to August and sterling was still eroding margins. Foreign competitors were making major inroads into the more lucrative elements of the UK print sector, the £60m mail order catalogue business, served by capital intensive gravure printers.

By that time, Maxwell was already on the scene. His private scientific publishing group, Pergamon Press, had taken a 29.4 per cent stake in BPC late last summer in a "dawn raid."

He was looking for boardroom involvement. This followed a series of attempts to take interests in publishing ventures, including a rescue of the ill-fated Scottish Daily News, the recent bid for Jane's publishing interests and the declaration that he might be interested in buying Times Newspapers.

At first the BPC board put up considerable resistance to his overtures, but it was in a weak position. It is now clear that BPC would have preferred any solution other than that put forward by Maxwell, but other possibilities were slipping away inexorably as its trading prospects slumped.

Then one of BPC's main directors, Mr. Monty Alfred, who knew Lord Kearton from his own career at Courtaulds, asked him to look at some figures for BPC's trading position and its outlook the next time he was in London.

Kearton admits he was appalled by what he read. His first reaction was to use his contacts in the Bank of England and Government to seek support. In each case the response was the same—BPC was too far gone to look for salvation. Management and workforce would have to pull themselves out the pit.

However, Lord Kearton is a persuasive talker. He says that he convinced BPC that it would have to seek support solely from private industry. Maxwell was willing to give him the opportunity to outline his views. Hambros, BPC's bank, found no other potential rescuer.

Lord Kearton, having seen the true position, was afraid that Maxwell would back off as soon as he was appraised of the mounting losses. Management hopes of a second-half recovery wouldn't work out, Kearton believed.

The former textile industry chief has no doubt that Maxwell was the right choice. Whatever the case, Maxwell's private publishing interests were flourishing. He could find £10m, free of all charges, to inject into BPC.

The document which BPC presented yesterday to shareholders and to all classes of debenture and loan stockholders contains an endorsement from all national leaders of the key print unions to the effect that they support BPC aims.

Redundancies will reduce the 10,500 payroll by 26 per cent and Maxwell stresses that line management will be reduced just as much as the shop floor. Productivity, too, has been a central issue.

To get this far Mr. Maxwell has forced himself round a gruelling circuit of 40 of BPC's 42 print works and has also found time to see most of his key customers. He is not averse, either, to selling BPC's products himself. A patient visitor to his new offices on the second floor of BPC's offices on the fringes of Covent Garden may have to wait while he personally attempts to fill his plants' jobbing capacity on a cold call to a customer.

Inevitably, there are concessions. Mr. Maxwell evidently believes in the advantages of bending a little to achieve his aims and has conceded the previous management's agreement that the average working week will come down from 40 to 37½ hours.

He would have been far happier with 39 hours. And earlier commitments to a £7.50 pay award have been honoured although the new team is acutely conscious as they put it, that aggregate pay rises of between 45 and 50 per cent over the last two years have been the root cause of BPC's problems.

None of this is going to stand any chance of pulling BPC round unless all classes of share and stockholder agree to the proposals. Lord Kearton is holding no hostages to fortune and stressed that BPC is entering a critical phase of its recovery.

Maxwell remains confident that, rather than enter the mortuary, as he describes it, BPC can come out of the operating theatre, into the convalescent ward and recover swiftly. He believes BPC can hit "substantial profitability" next year.

His privately owned Pergamon Press will hold almost 77 per cent of a company which will retain a public shareholding. The National Westminster Bank, which both Lord Kearton and Mr. Maxwell praise for its farsightedness, is willing to put in further funds, often at quite concessionary rates, to enable BPC to make the essential investment to win back many customers.

BPC has used £28m of National Westminster's £32.5m overdraft facility and by January 3, year end, was 196 per cent geared. It was paying interest of £8.47m on top of a trading loss of £1.47m. It now estimates that it will have to provide £14m for the cost of redundancies, trading losess to be incurred during the phased run down of the five companies to be closed and the reduction of the fixed and current asset values to their estimated net realisable value.

The bank is prepared, if the shareholders agree the survival scheme, to raise its overdraft facilities to £41.5m and is offering a "concessionary rate" of 5 per cent annually on £10m of any continuing overdraft facilities for this year and next.

It is also providing £10.95m of term loans charged at 1 per cent over the London Inter-Bank Offered Rate and is subscribing for a new class of preference shares — 6m new 10 per cent non-cumulative redeemable preference shares — to provide £6m to one of its major corporate customer which is in difficulties.

Many of the proposals have been agreed by the investment committees acting for the debenture and loan stock holders and they hope now that ordinary shareholders will also agree.

Every stage of the deal depends upon a satisfactory solution elsewhere. The resolution sought from ordinary shareholders at a meeting on April 24 wil be the last stone to be put into the foundations of BPC's recovery.

Print unions agree to tough medicine from Maxwell—but there may be more

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE MOST remarkable and toughest part of the survival and prosperity plan for BPC is the agreement of the four print unions to a 2,500 cut in the 10,000-plus workforce.

The unions may have more to swallow. First, as Mr. Maxwell said yesterday, the fate of three more plants, and 800 more jobs, still hangs in the balance. That situation will be reviewed by Mr. Maxwell and national and local union officials over the next two months.

Second, wide-ranging changes in working practices have been broadly agreed, and are likely to be implemented at plant level.

In general, all the unions have agreed that their members will allow more flexible working. Officials stressed yesterday that this did not extend to breaching demarcation lines between unions, merely within their spheres.

Negotiations with the unions have been prolonged, with sessions of twelve hours or more common over the past weeks. They have been conducted in the face of an ultimatum, accepted by the unions, that only radical surgery would prevent the company's death.

At the conclusion, Mr. Maxwell got a piece of paper, signed by the general secretaries or a senior official of the unions, endorsing the survival plan and undertaking "to use their best endeavours to assist the company in its implementation."

While the commitment is a firm one—Mr. Maxwell paid tribute to the agreement's strength yesterday — the unions fear its aftermath.

Firstly, those which pay unemployment benefits will feel an extra strain on their already stretched resources at a time when even their Fleet Street members cannot find work once unemployed.

Secondly, they are unhappy with the agreed level of redundancy payments. In rough terms, they say it works out at about £260 per worker per year of service, with a 20-year maximum. This means the most anyone is likely to receive is £5,200. That, they believe, will not be enough to encourage older workers to retire early: instead, they think the likely volunteers will be younger workers

This, coupled with the depth of the cuts Mr. Maxwell wants, could lead, they say, to production and efficiency problems in some plants and might be counterproductive.

Finally, measures they have agreed under pressure to improve efficiency and cut manning will be examined carefully by other printing employers, many of whom are under pressure almost as heavy as that experienced by BPC. Other employers, including IPC, have warned of possible closures. For the print unions, in the present climate, solution in one area can bring problems in others.

Big increases in gold purchases

BY DAVID MARSH

GOLD PURCHASES by central banks and other government institutions increased enormously last year and seemed to become even more marked in the first few months of this year, according to Samuel Montagu, London merchant bank.

In its annual bullion review just published Montagu estimates that central banks and other official institutions absorbed about 425 tonnes of gold last year. This represented about 65 per cent of world-wide investment purchases of physical gold.

This figure includes the build-up of gold reserves of about 65 tonnes in South Africa, the main producer.

Other producing countries also took some of their output into reserves. But the largest proportion of official purchases, by oil-exporting states and other countries, was channelled through the bullion market, Montagu says.

The Soviet Union sold only 80 tonnes of gold last year, down from 230 tonnes in 1979. Other official sales, mainly by the International Monetary Fund and Canada, fell to 155 tonnes, from 637 tonnes in 1979. A large part of the drop reflected the absence of U.S. Treasury sales last year.

Gross world-wide sales from investment stocks were put at 305 tonnes last year, a result of metal being attracted out of hoards of high prices.

Purchases of new gold were depressed by the price spurt for jewellery. They fell to 400 tonnes, from 700 tonnes in 1979. Demand for gold for industrial uses fell 15 per cent to 220 tonnes. Purchases for coin-manufacture dropped 20 per cent to 225 tonnes.

Sales of South African Kruggerands fell to about 98 tonnes last year, compared with about 153 tonnes in 1979.

Sales of UK sovereigns were also hit by falling demand. The estimated total sales figure was 13 tonnes, about half the 1979 level.

Exports of coins from the UK amounted to about 30 tonnes, of which about two-thirds were destined for Switzerland.

Sales of the Canadian maple leaf coin totalled 38 tonnes. Mexican coin sales amounted to 22 tonnes, one-third below the 1979 levels. Sales of officially minted U.S. medallions totolled 11 tonnes, 31 tonnes of gold being used in striking these pieces the balance of which remain in stock.

Turning to the UK silver market, Montagu says physical trading of silver increased markedly last year.

Total investment stocks of silver in the UK were estimated to have more than doubled, to 3,600 tonnes at the end of the year compared with 1,600 tonnes at the end of 1979.

The increase of 2,000 tonnes was made up of imports from all sources of roughly 5,000 tonnes, and exports together with UK consumption of 3,000 tonnes.

Large arrivals of refined silver from industrialised countries were recorded. The U.S. accounted for net consignments of 827 tonnes to the UK, 569 tonnes to West Germany and 390 tonnes to France.

Tax cuts 'depend on public spending curbs'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

INCOME TAX cannot be reduced over the next two or three years unless there are further public spending cuts, the London Business School says in a post-Budget analysis.

In evidence to the all-party Treasury and Civil Service Committee of the Commons the Business School estimates that the level of public sector borrowing over the next few years is likely to be higher than assumed by the Treasury. Dr. Alan Budd, of the business school, was until last month a specialist adviser to the committee.

In the coming 1981-82 financial year the school estimates public sector borrowing at £12½bn compared with the Treasury's forecast of £10½bn. The difference is within the average margin of error though the Business School questions the official optimism about public sector pay and gross trading surpluses.

Borrowing is also higher in later years than assumed by the Treasury which removes the scope for tax cuts unless spending is reduced. This highlights the pressures for a further round of spending cuts in the summer and autumn review.

The path for public borrowing is consistent with the monetary targets up to 1983-84. However, the overshooting of the monetary target for 1980-81 affects prices throughout the period and keeps the inflation rate at only just under 10 per cent until 1984.

After declining by 1½ per cent this year total output, as measured by real Gross Domestic Product, is projected to rise by 2 per cent in 1982 and by 1½ per cent in 1983. The average level of unemployment—for adults in Great Britain—is projected to fall to about 2¼m after 1981-82.

The business school says the overall fiscal stance is similar to that assumed by the Government last year, after allowing for lower output. But the balance has shifted with more public spending and more taxation.

It is regretted that the medium-term financial strategy has not been extended for a year to 1984-85.

Heart drug shown to prevent attacks

By David Fishlock, Science Editor

A REPORT published today shows that people who have already survived a heart attack can be protected from further attacks by treatment with a drug.

The report of a large international study of coronary patients indicates that those taking the drug as a prophylactic measure stand a much better chance of avoiding further heart attacks.

According to Dr. Peter Richardson, a cardiologist at King's College Hospital, London, the study has shown that "those at greatest risk are protected to the greatest extent" by the drug.

Dr. Richardson admits that the action of the drug in preventing further heart attacks is not understood. "But I don't think that in any way this would preclude its use in clinical medicine."

The drug investigated is one of the type of heart drugs known as beta-blockers, widely used in the treatment of heart disease and discovered by ICI. About 13 drugs of this type are already being prescribed in Britain to treat heart troubles.

The present study involved an American beta-blocker called timolol maleate and sold as Blocadren.

The study of Blocadren, made in Norway, involved 20 hospitals and showed that the drug reduced mortality in victims of a heart attack by almost 40 per cent compared with victims treated with a placebo.

Bursary set up for chartered secretary

A £1,500 bursary for a chartered secretary to take a post-graduate master's degree is being established at the City University business school by the Worshipful Company of Chartered Secretaries and Administrators.

The successful candidate will study for the master of business administration degree. Several courses (one year full-time or two years part-time) are available.

Sue Cameron on a shelved N. Sea project

Gas hopes hit pipeline

THE DECISION to shelve plans for the most southerly 50 mile stretch of the new £2bn North Sea gas gathering project seems to be a victory for the Shell group.

Members of the pipeline organising committee, which includes representatives of British Gas, Mobil and British Petroleum, are expected to tell a meeting of potential participants today that no detailed planning work will be done on the southernmost sector.

But the decision to shelve this section of the line will also make it easier to find the initial funding.

The main reason for the decision to shelve the 50-mile stretch of line, running from the Lomond Field to the Fulmar and Josephine Fields south-east of Aberdeen, is hopes of finding far more gas in the Fulmar field area.

This might be enough to justify building a separate pipeline from Fulmar to St. Fergus on the Scottish coast. Further exploration will be needed to find out if these hopes can be realised.

Shell, which is developing the Fulmar field says it is already looking at various alternative methods of bringing Fulmar gas ashore.

Shell said earlier this week that it had "not known for very long" of the organising committee's proposals to effectively scrap the 50 mile southernmost sector of the new gas gathering system. But the evidence suggests that Shell could have played a considerable part in bringing about that decision.

There is speculation that the shelving of the southernmost sector could be the first nail in the coffin of the whole gas gathering system as it was first proposed.

The original plan was that the pipeline should run from the Magnus field to the north-east of the Shetlands down to Fulmar in the south, collecting gas from a large number of other fields on the way.

But the Government has been insistent that a wide range of interests should be allowed to have a share in the pipeline and that neither the British Gas Corporation nor the major oil companies should be allowed to build and run the line single-handed and to their own advantage.

Some of the oil companies which may have wanted a larger share in the project have reacted by raising doubts about the feasibility of the present scheme. Several are even questioning whether there will be enough gas to justify building the line at all.

Shell and Esso fear their own existing FLAGS — Far North Liquid and Associated Gas System — pipeline could be under-used if the new gas gathering system goes ahead.

They are believed to have produced figures for the estimated throughput which substantiate their case. Their arguments have been boosted by the fact that the Norwegian authorities seem unwilling to put gas from their section of the great Statfjord field into the proposed £2bn pipeline.

Chevron, the operator on the North Sea Ninian field, and Amoco, the operator on the north-west Hutton field are interested in sending gas from these fields through the Shell/Esso FLAGS pipeline. They want their gas to be taken ashore via the western leg of the FLAGS line, due to be completed next year.

Two years ago Shell started negotiations with Chevron and Amoco. It is believed that one of Shell's main negotiating points during these protracted discussions has been that the FLAGS pipeline is expected to be run at high capacity utilisation and that it will be difficult to accommodate either Chevron or Amoco.

Negotiations with Amoco were broken off, although the two companies hope to resume them soon. Shell is also nearing final agreement with Chevron.

Meanwhile it looks as if Shell might eventually build a separate pipeline from Fulmar to St. Fergus. The Department of Energy is opposed to unnecessary duplication of pipelines in the North Sea, but it is possible that a Fulmar/St. Fergus line could be linked to the new gas-gathering project.

This could undermine the Government's desire to ensure that all interested parties be allowed a stake in the new pipeline. The southernmost part of the scheme could be placed in private hands.

Some experts believe that if the southernmost sector of the pipeline project is scrapped because of a possible abundance — not a shortage — of gas, then a similar fate could soon overtake the northernmost stretch.

Against this pessimistic view must be set the fact that a number of initial engineering design contracts have already been placed — some for the onshore plants that will be needed to process the gas and gas liquids once they are brought ashore.

Officials insist that the overall timetable for the major part of the new gas-gathering system will not be affected by wrangles and delays over finance, or by the shelving of the 50-mile southernmost sector of the pipeline.

Nottinghamshire companies expect more job cuts

BY LISA WOOD

NEARLY HALF of about 60 Nottinghamshire companies together employing more than 32,000 people expect to make further redundancies in the next three months, according to a survey.

Almost threequarters of the survey sample companies reduced their workforce in the first quarter of this year. Only 3 per cent of the companies reported increases in workforces.

The sample companies were drawn from a range of industries, some employing as few as five people, some as many as 6,000. The survey was made by Nottinghamshire Chamber of Commerce and Industry.

The chamber found there were patchy improvements in orders from the home market. But this was not matched in the export trade. There only 10 per cent of companies reported an increase in the volume of orders.

The chamber concluded that the companies generally were pessimistic about future turnover levels and profitability.

Mr. Geoffrey Hulse, director of the chamber, said unemployment in the East Midlands was at 9.2 per cent about 1 per cent below the national average.

"The East Midlands," he said, "has been cushioned to some extent because of the diversity of its industries.

"The worrying trend is that this area, which is noted for its resilience concerning employment, is now approaching the national average for unemployment, and the rate of increase appears to be faster than elsewhere."

● The British Oxygen Company is to close its Corby, Northants, depot at the end of next month because of a decline in demand following the ending of steel-making at the local British Steel Corporation plant. Nearly 20 jobs will be lost.

East Midlands councils seek grant rise

BY GARETH GRIFFITHS

THE East Midlands Forum, a group formed by five county councils, said yesterday that the area was not getting its fair share of Government and European Community regional grants.

In a report on their economic problems and priorities Derbyshire, Nottinghamshire, Lincolnshire, Leicestershire and Northamptonshire said that the Government should recognise the advantages of assisting potentially high unemployment areas rather than waiting until there was a level of unemployment that might be irretrievable.

They want £56m this year from the EEC refund to the UK for spending on infrastructure and depressed industries, and an extra £36m a year spent on their further education and vocational training courses.

Seeking data on service standards

DAVID CHURCHILL reports on a move to seek more facts for consumers on how state industries are maintaining service standards. The National Consumer Council believes people feel some service standards are declinng.

THE National Consumer Council has written to chairmen of big public service nationalised industries urging them to provide more information for consumers on how their industries are maintaining standards of service.

The move is in advance of the sixth national consumer congress at Swansea this weekend. It follows concern that the Government's tough line on making the nationalised industries pay their way is forcing these industries to stay financially viable at the cost of lowering standards of quality and service.

Price rises

Price rises in the public sector, especially for gas and electricity, are running at about twice the annual rate of inflation in general. At the same time the National Consumer Council believes consumers feel standards of service for railways, postal services, telephone installations and gas and electrical appliance repairs are declining.

The council's concern with the performance of nationalised industries stems from the Labour Government's instruction in 1975 to pay particular attention to the needs of consumers in relation to nationalised industries.

The council's renewed concern reflects the lack of Government political initiative towards making the nationalised industries more accountable to their customers.

The last Labour Government, for example, was committed to increasing such accountability. A White Paper published in 1978 said: "The Government believes the nationalised industries should be prepared to make public suitable aims in terms of performance and service, and it has asked them to do this in their report and accounts."

The White Paper also suggested consumer performance indicators which should be published by the nationalised industries in their annual reports.

It was expected that the Labour Government would have given statutory backing to these proposals had it been returned to power at the last election.

The Conservative Government's only public pronouncement on the issue came in its response to a Price Commission report on electricity prices. The Government welcomed "the moves being made by the industry to publish performance indicators since it was important for public sector monopolies to provide information on their cost effectiveness."

The importance attached by consumer groups to making the nationalised industries more accountable is due to the fact that these industries are usually the monopoly supplier of essential public services. Consumers, therefore, have little opportunity to exercise their freedom of choice and "buy" elsewhere.

The council has said in evidence to a Commons select committee that "because the services that the nationalised industries provide are so essential to our daily lives, their power over the market amounts virtually to a power of taxation."

The problem is that there are few clear-cut consumer performance indicators published by the public services which allow outside bodies as well as the public to judge consistently the level of standards of service.

Most of the nationalised industries publish some indications of management performance, such as productivity indicators, but these are a criteria of operating efficiency which is not necessarily the same thing as having regard to the interests of consumers.

Consumer performance indicators, however, chiefly cover such areas as prices in relation to the quality of goods and services.

Some industries already produce such information, but for their own internal consumption only. British Gas, for example, offers annual awards to its regional and district divisions for performance in a wide range of servicing activities including installations, repairs during guarantee period, other repairs, and regular servicing. The information on which these awards are based is not made public.

The Electricity Council has also surveyed customer satisfaction, covering appliance repairs, and delivery and domestic electrical wiring. Only the briefest results have been published.

The council believes consumers should have a right to expect basic levels of service at reasonable cost. For example, domestic electrical appliance servicing carried out by electricity Boards is covered by a code of practice which lays down that the first visit for a servicing electrician should be within three working days, and that 80 per cent of repairs should be concluded on this occasion.

Consumer audit

Even if the nationalised industries are forced—or voluntarily provide—consumer performance indicators, then the issue remains to evaluate the statistics. The council suggests an independent consumer audit—similar to the statutory auditing of a company's accounts—could be carried out by the present consumer councils for each industry. The council could then provide an overall body to co-ordinate the use of these indicators.

However, one problem about such a solution remains. The Government is currently considering abolishing the nationalised industry consumer councils as part of its drive to reduce quangos and public spending.

UK NEWS—LABOUR

Civil Service protest 'joined by 250,000'

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVICE union leaders last night claimed that about 250,000 staff took part in a series of walkouts, rallies and demonstrations over pay.

Today's full council of Civil Service Union leaders' meeting will give its 63 members their first opportunity to review progress since the strikes against the Government's 7 per cent pay offer began on March 9.

Mr. Bill Kendall, CCSU secretary-general will report on the complete lack of contact so far between the unions and the Civil Service Department over further negotiations on the unions' 15 per cent claim.

Officials of the Pay Campaign Committee, which is organising the strikes, will then report on the effects of their action on Government revenue, Customs and Excise operations and the work of other departments.

The result of yesterday's meeting of air traffic control members at London's Gatwick Airport on their readiness to take severely disruptive action—probably immediately after Easter—will also be known.

The Council will be told that last night 3,665 civil servants were on indefinite strike in selected areas, mainly in key computer centres.

Of these, 372 are Inland Revenue staff on strike to avoid being suspended for refusing to process or bank tax payments which would normally be handled by the Revenue's two strike-bound computer centres.

Seven entire collection offices, Cardiff A and B, Edinburgh A and C, Birmingham North, London North and Kettering, are on strike.

Management at these offices moved progressively, giving warning of suspensions, and then temporary relief from duty (TRD).

The prospect has also been raised for the first time of suspensions among staff at the Government Communications Headquarters for refusing to handle the work of staff on strike at out-stations.

These include sites at Bude, Cornwall and Cheadle, Staffs, where staff returned to work on Tuesday. However, about 400 staff in another intelligence monitoring station, part of GCHQ's Composite Signals Organisation, have been called out from 10 pm on Friday.

Staff from the monitoring station at Culm Head, near Taunton in Somerset, voted by about 8 to 1 on Tuesday evening to join the action.

Security staff at central GCHQ in Cheltenham caused considerable traffic delays in the town by making rigorous security checks on staff entering the establishment.

Action across the country yesterday, planned to coincide with the pay settlement date for 530,000 white-collar civil servants, centred mainly on 150 rallies. Some were held during lunchtimes and others in working time. They attracted about 50,000 civil servants, according to the CCSU. The Council said about 250,000 staff took some form of action.

Mr. Kendall said: "We are determined, prepared and financially able to fight for our claim for as long as it takes. Today's response shows that civil servants are united in this struggle."

The unions were careful not to use the word strike, though they agreed it was the first national action in the Service since the one-day strike on March 9.

Large rallies were held at: Long Benton, Newcastle (8,000 out, according to the Council); Birmingham (2,000); Manchester (2,000); Liverpool (3,000); Central London (three rallies, 1,500); Sheffield (1,500); Doncaster (1,400); Chatham (1,200).

About 2,000 staff attended a further lunchtime rally in London, and then marched down Fleet Street.

A wreath for the suspended Pay Research comparability system was reported to have been delivered to 10 Downing Street.

Government Ministers attending a meeting of the National Economic Development Council, which TUC leaders boycotted because of a civil service union picket, were jeered

Gormley says Tories listen to union plans

By Our Labour Correspondent

MR. JOE GORMLEY, president of the National Union of Mineworkers, congratulated the Government yesterday for "seeing sense" on plans for the economy presented to it by the "tripple alliance" of coal, rail and steel unions.

Mr. Gormley told the conference of the Electrical Power Engineers' Association that in the meeting between the leaders of the three unions and the four Ministers, Mr. James Prior, Employment Secretary; Sir Keith Joseph, Industry Secretary; Mr. Norman Fowler, Transport Secretary; and Mr. David Howell, Energy Secretary, the ideas put by the unions were listened to with attention.

He claimed that he had had indications that the ideas discussed were raised by the Ministers in Cabinet.

"They realised it was important to listen to what we had to say. I felt they were listening. I felt it was just as easy to talk to those Tory Ministers as to some of my own colleagues in the Labour Government previously."

Mr. Gormley added: "I must say sometimes it is better to talk to Tory Ministers than Tony Benn."

Mr. Gormley said that if experiments for liquefaction and gasification of coal were successful coal would not be burned in power stations in the future. "The only sensible thing to do would be to replace it with nuclear energy."

However, Mr. Gormley acknowledged that there were considerable fears over safety in nuclear power stations.

"If we have to have nuclear power, then we have to ensure it has the greatest safety figures possible, and that we can deal with the residue in a safe way.

"We have to convince people the safety records at these stations are second to none."

MR. JOE GORMLEY "Sometimes better to talk to Tory Ministers than Benn"

Agreement with BR faces delay

By Philip Bassett

BRITISH RAIL'S three unions seem unlikely to be able to reach agreement today on a common strategy on pay and productivity to support the three individual claims for substantial pay increases which have already been presented

Executives of the National Union of Railwaymen, ASLEF, the train drivers' union, and the white-collar Transport Salaried Staffs' Association will meet to consider proposals drawn up by the unions last week which would form the basis for a common approach.

It was thought earlier this week that ASLEF might be ready to go along with the proposals. However, the ASLEF executive considered them yesterday and it now seems likely that the drivers will want to table their own amendments.

Funds loss slows TUC reform

BY CHRISTIAN TYLER, LABOUR EDITOR

A SHORTAGE of trade union funds has been largely responsible for slowing down major TUC reform, it was revealed yesterday at a special meeting of the TUC general council.

The TUC has been reviewing its organisation, structure and services for nearly two years. The original intention was to put firm proposals to this autumn's Congress.

Trade unions have lost an average 10 per cent of their members since the recession began, with a consequent loss of subscription income.

The TUC's affiliation could consequently fall by over 500,000 both this year and in 1982, at an annual cost to its income of about £300,000.

As a result, a "development programme" has been proposed in which ideas for change would be considered in working parties or pilot projects.

Although the central theme of the reform plan has been to increase the TUC's campaigning role and strengthen its representational role with Governments, some of the plans would have meant some loss of autonomy for unions.

Objections to a transfer of power to the centre became evident at a recent consultative conference, and lie behind the general council's decision to proceed cautiously.

A discussion document for a further consultative conference in May now suggests that proposals for increasing the TUC's central role should be postponed until the 1982 Congress.

Next year's Congress would also consider the sensitive questions of whether the TUC's industrial subcommittees should have more influence over bargaining and organisation in their own sectors and whether the TUC should set "bargaining priorities"

The 1982 Congress would decide whether the TUC's regional councils should be strengthened, with the appointment of full-time regional secretaries, and whether the composition of local trades councils should be changed.

One possible extension of TUC influence would be an engineering industry sub-committee.

It appears that talks with the Confederation of Shipbuilding and Engineering Unions — a "mini-TUC" for those industries —have satisfied engineering workers that the Confederation need suffer no loss of power by agreeing to the formation of a new TUC committee.

Potentially controversial items from the TUC's initial list of ideas now seem unlikely to surface, and the new timetable for the review should go through Congress without much dissent.

Dockers put terms to end dispute

By Pauline Clark, Labour Staff

PROSPECTS FOR an end to the dispute which has closed Southampton docks for three weeks remained in the balance last night after dockers' leaders tabled conditions for calling off disruptive action.

The dockers claim that they have been locked out by port employers in breach of the national dock labour scheme agreement. They demand earnings parity with non-registered staff in the port

Port employers, led by British Transport Docks Board and shop stewards representing 1,600 dockers, met for more than 10 hours yesterday in an attempt to solve the differences.

The meeting followed day-long talks under the umbrella of the Advisory Conciliation and Arbitration Service in Southampton on Monday, when the two sides failed to find a solution.

The Transport and General Workers' Union made the dispute official shortly after dockers were sent home three weeks ago, and the port closed to all cargo traffic. The union has so far drawn back from calling a national docks delegate conference to consider the dockers' call for national action against the docks board.

Employers closed the port after two consecutive 24-hour strikes by the Southampton dockers over pay. They say that the dockers were in breach of their working agreement in taking disruptive action before exhausting formal disputes procedure.

Employers claim that dockers had average gross earnings last year of £146 a week, but the dockers say dock staff sometimes earn half that amount again as a result of productivity improvements in which dockers played a major part.

Printing company to seek postal injunction permit

BY OUR LABOUR EDITOR

THE COMPANY involved in the first secondary picketing court case under the Employment Act, 1980, is to apply to the High Court for permission to serve injunctions by post.

This rare application arises from the unavailability of the eight printworkers against whom the company secured injunctions 10 days ago.

The agents of the company, Wilkes PCA Data Supplies, of Oldbury, West Midlands, have been unable to find the men, to serve the injunctions on them personally.

If the application succeeds the company will be better placed to proceed against other pickets who have taken over the actions of their colleagues. The original injunctions granted by the Birmingham court also covered the eight's "associates." If the picketing continued, the company could seek to have the pickets declared in contempt of court.

The incident stems from a dispute over redundancies at Wilkes Business Forms, in nearby Bilston, Staffs. There, 80 members of the National Graphical Association are on strike and some have picketed the sister company in Oldbury.

Gas staff plan retail sales action

By Pauline Clark, Labour Staff

UNION LEADERS of 50,000 gas industry staff yesterday drew up plans for industrial action to be implemented if the British Gas Corporation pulls out of the domestic gas appliance sales market.

The National and Local Government Officers Association said yesterday that some 30,000 to 35,000 jobs would be lost if the Government ended the Corporation's involvement in retail sales.

NALGO said the threat to its members' jobs arose from a recommendation from the Monopolies and Mergers Commission that British Gas should either withdraw completely from sales of gas appliances or reduce its market share.

About 300 representatives of NALGO gas branches were said to have voted overwhelmingly at a meeting yesterday to take industrial action if the Government adopted either of the two options.

BL protest dropped

PROTEST by white collar workers at BL Cars' decision to implement compulsory redundancies at Longbridge, Birmingham, fizzled out yesterday.

The 4,000 staff rejected a union call for a three-day strike in support of those dismissed.

Firemen to lobby

ABOUT 8,000 firemen are expected by union leaders to meet in London today for a lobby of MPs and a march in protest at fire service cuts and the decision by employers to withdraw from the firemen's pay formula agreement.

Dockyard mystery

The Transport and General Workers Union is calling for a public inquiry into alleged safety slip-ups relating to missing radioactive cobalt and the deaths on Monday of three men at Rosyth Dockyard.

CONTRACTS

£6.9m NCB orders for cable

Contracts with a total estimated value of £6.9m have been let by the National Coal Board. They are for pvc insulated and pilc cables for roadway mains supply, for the period 1 April, 1981 to 31 March, 1982. The business has been awarded to the following firms: A.E.I. CABLES; B.I.C.C.; CROMPTON PARKINSON; DELTA ENFIELD CABLES; and PIRELLI GENERAL CABLES.

★

BALFOUR BEATTY CONSTRUCTION (SCOTLAND), a member of BICC, has been awarded a £5.5m contract for the construction of Phase 1 of the A8 diversion, Port Glasgow Eastern Section, Newark Castle to West Lodge, by Strathclyde Regional Council. The contract is for the construction of 1,000 metres of dual carriageway each 7.3 metres wide; a junction with an elevated roundabout over an electrified railway, incorporating two bridges in composite reinforced and prestressed concrete; earthworks comprising the construction of embankments over a length of 1,800 metres, average height 7.0 metres, on soft alluvial subsoil; the installation of vertical and inclined sand drains; sheet piling retaining walls; associated drainage works and about 700 metres of 600 mm diameter water main.

★

HCB - ANGUS, which was acquired by The Guthrie Corporation last December, has been awarded the London Fire Brigade contract for 35 pump/ladder fire fighting vehicles, worth a total of £1.5m.

★

A contract worth over £1.1m has been gained by E.C. ENGINEERING SUPPLIES, from Grooteon (UK) for electrical and instrumentation equipment for the Amoco North West Hutton platform modules.

★

FRENCH KIER CONSTRUCTION, a member of the French Kier Group, has been awarded a contract by Air-India for the construction of maintenance offices and storage facilities at Heathrow Airport. The contract, valued at £1m, is due for completion in May, 1982.

★

DEWPLAN (WT) has been awarded a £750,000 contract for the supply of filtration and ion exchange equipment for BP Chemicals No. 3 ethanol plant at Grangemouth. Main contractors for the complex are Davy McKee (Oil and Chemicals). The Dewplan treatment plant will produce high quality demineralised water.

★

An order worth £500,000 has been won by SIHI-RYALAND PUMPS, Altrincham, for more than 300 pumps for installation on a new £140m vitamin C plant at Dalry, Ayshire being built for Roche Products by Sir Robert McAlpine and Sons.

★

POWELL DUFFRYN WAGON is working on an order worth over £300,000 from British Petroleum to convert 85 BP rail tank wagons at Cambrian Works in Maindy, Cardiff. The 45-ton wagons are being fitted with improved suspension and modern air brakes to bring the wagons up to the standards required by British Rail for their new Speedlink fast freight service.

★

The LUMMUS COMPANY is to provide engineering, procurement and construction management services for a stabilisation unit at Total Oil Marine's natural gas terminal at St. Fergus, near Peterhead. The facility will treat natural gas liquids from the Frigg gas transportation system operated by Total.

APPOINTMENTS

BAT Industries legal director

Mr. P. J. Ricketts has taken over legal and secretarial responsibilities as legal director on the main Board of BAT INDUSTRIES following the retirement of Mr. T. E. Davies. Mr. Ricketts has also been appointed to the Board of British - American Tobacco Company and relinquishes his directorshops of the Wiggins Teape Group and British-American Cosmetics. Mr. E. J. Worlidge has joined the Boards of British - American Tobacco Company and British-American Cosmetics.

★

Mr. R. Ichikawa has been appointed as the overseas representative of YACHIYO SECURITIES COMPANY, a Japanese securities house. Its representative office opens today in London.

★

Mr. Michael Gibbs, previously deputy chief executive of the GATEWAY BUILDING SOCIETY, has been appointed managing director and secretary on the retirement of Mr. Sydney Burton, who remains on the board. Mr. Neil MacMahon becomes general manager (administration), Mr. Brian Rogles general manager (finance and personnel), Mr. Alan North assistant general manager (marketing) and Mr. Richard Groom assistant general manager (development). Mr. David Burford has been made chief accountant and Mr. John Nelson executive regional co-ordinator for Wales.

★

Mr. Ian A. Johnston has been appointed a director of foreign exchange and currency deposit brokers GUY BUTLER (INTERNATIONAL).

★

Mr. Ian M. Bolfon, former financial controller of CAMREX (HOLDINGS) has been appointed to the holdings Board with special responsibilities for financial affairs.

★

Four senior executives of TANKFREIGHT have been appointed directors. Mr. D. R. Brown becomes operations director; Mr. J. G. Darcy, marketing director; Mr. H. Lodge, finance director; and Mr. F. Petch, engineering director.

★

Mr. Michael Burrows, financial controller of J. HEPWORTH AND SON, Leeds-based group with interests in men's wear, shoe retailing, property, and finance, has been appointed to the boards of Club 24, the group's credit arm jointly owned with Forward Trust (the instalment subsidiary of Midland Bank), and Hepworths (Properties).

★

Mr. J. L. Geddes has been appointed chairman of CAPE INSULATION from April 3 and will be succeeded by Mr. C. S. Robinson as managing director on that date. Mr. Robinson was previously director and general manager of Cape Boards and Panels.

★

Mr. D. N. Dow has retired as a director of the LAIRD GROUP.

★

Mr. Joe C. Dwek, chairman of Bodycote International, has joined the board of BRANON as a non-executive director.

★

Viscount Montgomery of Alamein has been appointed a non-executive director of KCA INTERNATIONAL.

★

Mr. J. W. Hooke, managing director of WATERLOW AND SONS, has been appointed a director of the parent company, BPC.

★

Mr. Stephen Cook has resigned from the executive directorship of the CONSTRUCTION SURVEYORS' INSTITUTE and Mr. Bryan Hunt, development officer, has assumed the duties of acting executive director pending the appointment of a successor. Mr. Desmond Holmes is to become national president of the institute at the end of April in succession to Mr. Brian K. Green. Mr. Michael Tolley will succeed Mr. Holmes as first vice-president and as chairman of the finance and general purposes committee. Mr. Ali A. Khan will become second vice-president.

★

Mr. D. Allan Gilchrist has been appointed to the Board of the NORTHERN ROCK BUILDING SOCIETY. He continues as chief executive under the title of managing director.

★

Mr. Gordon J. R. Hickmott, has joined the Board of TRIDENT GENERAL INSURANCE COMPANY, a member of the General Reinsurance Group. He is chairman of the Institute of Arbitrators.

★

Mr. John Charnock has become a director and general manager of McLEAN HOMES NORTH EAST, a member of the Tarmac group.

★

Dr. I. A. Brownlie, development director of SCOTTISH AGRICULTURAL INDUSTRIES, retires on May 31 for medical reasons. From that date Mr. G. B. Whyte will become technical group manager, continuing as chief engineer. Mr. R. Donald will be operations director, Mr. D. Arnot, seeds manager, and Dr. J. W. Baynham, commercial director.

International Fair Plovdiv, Bulgaria

Plovdiv is situated on crossroads connecting Europe, Asia and Africa, while the International Plovdiv Fair is one of the most renowned in the world. The Fair complex extends over 510,000 sq m, out of which 165,000 are exhibition stand-grounds.

In 1981, the following international events will be held here:

5-14 May	INTERNATIONAL SPRING FAIR For consumer goods and foodstuffs
6-12 June	INTERNATIONAL SPECIALISED TECHNICAL EXHIBITION Metalworking machines and equipment, instruments and accessories, forging machinery and presses, conventional and counter-pressure casting machines
14 June-12 July	WORLD HUNTING EXHIBITION
26 Sept.-5 October	37th INTERNATIONAL AUTUMN TECHNICAL FAIR

The organisers offer all prerequisites for successful business contacts, for the conclusion of major trade deals.

For the specialists — scientific-technical conferences and symposia with international participation.

For more detailed information:

Tel: 5-31-90, 5-31-45 - Telex: 044432

Address:

4018 Plovdiv-Bulgaria, Blvd. "Georgi Dimitrov" 37

Bulgarian Chamber of Commerce

Blvd. "Al. Stamboliiski" 11a, Sofia - Telex: 022374

All Trade Representations of P.R. of Bulgaria abroad

EVERY TUESDAY AND THURSDAY
£25
per single column centimetre—Min. 3 cms.
Copy must be submitted in writing

Business and Investment Opportunities

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

For information on rates, sizes and space availability, contact:
John Risbey
Financial Times
10 Cannon Street, EC4P 4BY
01-248 5161

Leading company in video-technology and media-fields offers active or silent partnership for:

Approximately DM 2.5 million

The company has existed for eight years. Most modernised production facilities and highly-qualified labour force enable them to run a 100% utilised production. Due to the high technical standard in several product lines the company is judged as a market leader.

For expansion of production and sales activities additional investments of approximately DM 2.5 million are requested, preferably from partners who are interested in playing an active part in this fast-expanding market and to stabilise further our present leading position. Further we are interested to establish sound connections with industrial groups who develop activities in the fields of communications and cable-TV technologies.

If you are interested please contact, with reference number 1113, our consultant Mr. Wolfgang Schulz, telephone 0611/598053.

R.S.V.P.

MANAGEMENT CONSULTANTS GMBH
R.S.V.P. - Böhmerstrasse 48 - 6000 Frankfurt 1

The competitive alternative for long-term capital.

Buying out a fellow shareholder?

Contemplating a management buy-out from your parent company?

Seeking long-term capital for expansion?

Whatever your reason for needing long-term capital, if yours is a profitable operation, Gresham Trust could provide it.
Naturally you'll want the finance packaged in the way that best suits your needs. But how can you be sure you've got it if you haven't found out what Gresham can offer?

Gresham Trust Ltd., Barrington House, Gresham Street, London EC2V 7HE. Tel: 01-606 6474.

Gresham Trust

IF YOU ARE A CORPORATE LESSOR OR THINKING OF PARTICIPATING IN

Feature Film Exploitation

YOU SHOULD INVESTIGATE THE

ACP Motion Picture Programme

Early delivery of recently completed films
Famous directors and international stars
Excellent opportunities with major film distributors
Up to 75% financing facilities on attractive terms
100% capital allowances (see Inland Revenue SP9/79)
which together mean

MORE PROFIT POTENTIAL

For full details please WRITE your name on a company letterheading and post to me TODAY.
(We regret no telephone enquiries can be accepted)

Managing Director, Dept.
Ackrill Carr & Partners Ltd.,
Tricorn House, Five Ways, Hagley Road, Birmingham, B16 8TP

We are in a position to offer exclusive Representation Services in the Federal Republic of Germany to suitable foreign parties

The offices of our Sales Promotions Agency are elegantly furnished, equipped with excellent technical aids including a computer, and have the additional advantage of being centrally situated in the more representative residential suburb in the city of Frankfurt. The agency's permanent staff includes university graduates in law and commerce as well as professional advertising consultants. Further, 600 temporary employees are permanently available for external activities.

In addition to its qualified personnel, our agency has vast marketing know-how and experience in the field of sales promotions.

Should you be interested in a business co-operation, please address your enquiries to Box F.2027, Financial Times, 10 Cannon Street, EC4P 4BY.

ACQUISITIONS & MERGERS BY AGREEMENT

CHESHAM

AMALGAMATIONS & INVESTMENTS LIMITED

Our business is merging your business Successfully.

36 CHESHAM PLACE, LONDON SW1. 01-235 4551

Transportation/Markets

Louisiana, right in the middle of the growing Sunbelt, combines maximum flexibility of domestic rail, road and air facilities with 5,000 miles of interstate waterways connected to 19,000 miles of the Mississippi River system and three world ports.

Louisiana Office of Commerce & Industry
Justinianstrasse 22, Dept. T, D-6000
FRANKFURT (Main)1, West Germany
Telephone (49-611)590061, Telex 41 4561 ICO D

15 Avenue Victor Hugo, Dept. T
75116 PARIS, France
Telephone (33-1)502-1800,
Telex 620 893 F

LOUISIANA WORKS *Let it work for you!*

CHINA

A CORNUCOPIA OR FUTURE MARKET FOR YOU?

City traders with long established connections in China has director with many years personal contacts visiting Trade Fair again in April. Would be willing to undertake commissions on behalf of UK firms wishing to explore business possibilities with China.

Principals only please contact:
J. V. HALES, WYNMOUTH LEHR & FATOILS LTD.
158 City Road, London EC1 - Telex: 28293 - Phone: 01-253 5871

BOATS AND STAFF BENEFITS

Stimulate your staff by providing subsidised boating holidays at no cost to yourself. A steel narrow canal boat on the canals and rivers of the Severn/Avon area costs little, appreciates in value, attracts first year allowances, and can provide subsidised but idyllic holidays for your staff or customers. Complete professional management services supplied from:

WORD OF WATERWAYS
31 Ebury Street, London, SW1.
or call 01-248 8667 for full details on the phone

Western Germany

HOUSING CONSTRUCTION COMPANY SITUATED NEAR FRANKFURT/MAIN, WEST GERMANY

is seeking co-operation with reputed construction company in UK for the execution of construction works in W. Germany. Prospective partner(s) should be in a position to appoint qualified British foremen and skilled workers (craftsmen). Prompt and accurate settlement of accounts according to German regulations ensured. No agencies.

Direct contact requested to:
BAUTEAM SUED GMBH
Postfach 1360, D-6057 Dietzenbach
Telex 4197 623 bts d

ABOVE AVERAGE PRICE

To be paid for an expanding business currently earning between £200,000 and £1,000,000 p.a. by a successful public company.
Please contact:
The Chairman, Box F.1960, Financial Times
10 Cannon Street, EC4P 4BY or telephone 01-278 9635
to arrange a confidential meeting

ROSEWOOD EXECUTIVE FURNITURE

Desks, bookcases, sideboards, conference tables and chairs
Small stocks of other finishes available
UP TO 40% OFF STANDARD LIST PRICE
Brochures available on request or viewing can be arranged in London
Tel: 01-805 2566
Cologne 22387017

INVESTMENT PROPERTY

NEWPORT, ISLE OF WIGHT

Excellent investment opportunity

Small modernised freehold single storey block of three shops and an office/shop on corner site just off town centre. Development potential for second floor. Units let from 1981 on 21-year full repairing and maintaining leases with 3-year reviews. Rents approximately £9,600 per annum. Offers based on nine to ten years income.

PETERSFIELD: 66251

MAJOR TRADING PROPERTY ACQUISITION OPPORTUNITY

- Retailing (durables) network of 100 + sites in London / North / Midlands
- Substantial Head Office building with full finance / credit / admin. capability
- Cash surplus of £2 million plus

Offered at asset value (including cash surplus) and property valuation = £10 million approx. Inquiries with serious intent to the Chairman.

INTERNATIONAL MARKET DEVELOPMENT
Write Box F2033, Financial Times
10 Cannon Street, EC4P 4BY

IBA

100% TAX RELIEF

IN TAX YEAR 1980/81

★ Last few remaining units available on nursery development
★ Mortgage finance available
★ Income guaranteed by Public Company

Further details apply Principal
16 Grosvenor Crescent Mews
London SW1X 7EU
Tel: 01-402 3247

EXPORT/REPRESENTATION SCANDINAVIA

Opportunity for small UK Companies with excellent products or services who realise the high costs involved in having their own Company in a foreign market.
I specialise in representing small UK Companies and want two or three more clients. Have been managing manufacturing Companies in Kent and Wales. Frequently visiting Britain.
All forms of representation discussed. Reasonable terms.

OLA ALM KONSULT AB
Box 17, 133 01 SALTSJOBADEN
SWEDEN

UNIQUE ENTERTAINMENT VENTURE

We offer a ground-floor opportunity to brokers and investors in a diversified investment programme involving the multi-billion dollar entertainment industry. Management possesses expertise for financing, producing and distribution of these activities. Academy award winners and other prominent individuals involved. Reply to: President, c/o Globe Plan SA, Mon-Repos 24, 1005 Lausanne, Switzerland.
Tel: 021 22 35 12
Telex: 25 185 melis ch

COMPUTER PORTRAITS

AVAILABLE NOW IN FULL COLOUR OR B & W
AN INSTANT MONEY MAKER
THAT CAN EARN YOU
£3,000-£6,000 per month

A portrait from a live subject or from a photo in less than 60 sec. This can be instantly transferred on to a T-shirt or almost any textile item. Full or part-time. ALL CASH BUSINESS. Portable. No experience necessary. Excellent for shopping centres, resorts, shows, hotels, mail order, carnivals, fairs or any high traffic location. Total price DM 39,580 (approx. £9,000) which includes full colour option.

KEMA COMPUTER SYSTEMS
DEPT. FT BEETHOVENSTR. 9
6 FRANKFURT, GERMANY
TELEX: 412713 KEMA
TEL: (0)611-747808
Office hours 10 a.m.-6 p.m.

YEAR END TAX PROBLEM?

We have one contract left, must be signed and agreed before end of April. Approx. £300,000, fully approved with adequate return and security.

Ring NORTHAIR
0532 502251

CASH FLOW PROBLEMS

Release your own cash by discounting your invoices.

94% paid by return on approved accounts.
(Confidential if required.)

Phone: Mrs. Bennett
Bolton (0204) 693321
SILVERBURN FINANCE (U.K.) LTD.

DEALING DESKS

Reception desks. Boardroom Tables. Specialised Joinery and Interior Fittings.
Purpose made by Craftsmen.
Over 100 years City experience
Personal Service

BREW&CO

120 Worship Street
London EC2A 2HP.
Tel: 01-247 9842.

YOUR LONDON OFFICE IN REGENT ST., LONDON W1

Comprehensive office and administrative services provided to both National and International Companies and Enterprises Including
*Box number service *Telephone *Telex
*Photo-copy *Secretarial *Translations
*Company formation, both domestic and overseas.

GENERAL ADMINISTRATIVE SERVICES
P.O. Box 4YF, London W1A 4YF
Telephone 01-439 6365
Telex 6952150 GASLDN

MICRO COMPUTER DEALERSHIPS

Distributor of a high quality micro-computer with a nationally known name wishes to appoint dealers in Cambridgeshire, Northamptonshire, Leicestershire, Nottinghamshire, and Lincolnshire.

Write Box F2017, Financial Times
10 Cannon Street, EC4P 4BY

ELECTRONIC PRODUCT WANTED

Manufacturer of electronic equipment is seeking additional products to add to his product range to market throughout the UK. Any type of product could be of interest, providing it is of electrical/electronic nature.
Write Box P.1953, Financial Times.
10 Cannon Street, EC4P 4BY.

PHONE PHONEMATE

We can demonstrate and supply the largest choice of PO Certified Answerers in the UK. Worldwide Remote Control and Normal models by Code-a-Phone, Dora, Phonemate, Recordacall and Sanyo. Tax free export: the 5-mile Superfone at £400. UK delivery Securicor. We supply the best—not the rest.
Phonemate Ltd.
289 Finchley Road, London, NW3
01-431 0266/0257. Tx. 298681
PO Approved Supplier

CORPORATION TAX SAVING

Have you considered establishing a tax efficient leasing subsidiary?

Containers and related equipment are available for purchase and lease.

Leases are currently returning in excess of 23% p.a. on cost.

INTERMODAL CONTAINER EQUIPMENT LTD.

SWISS BUILDING SOCIETY

wishing to complete his international sales network is looking for a Sole Agent for Great Britain knowing real estate, able to work independently, knowledge of French.

Write to:
VAL PROMOTION S.A.
Av. du Midi 10/CH - 1950 SION

Commodity dealing losses of £1.1m

AGREED FOR TAX AVAILABLE FOR SALE

Write Box F.2015, Financial Times.
10 Cannon Street, EC4P 4BY.

£400,000

Clients have funds available up to £400,000 to acquire interest in property and/or financial situations on an equity basis. Proven profit record essential. Please reply to:
Michael A. Braham, F.C.A.
WALLACE CASH BRENNER
Hillgate House
26, Old Bailey
London, EC4M 7HH

World Franchise

● The magazine for people who want to get into business on their own in a proven franchise system, and for companies who wish to grow through franchising ● James House, 37 Nottingham Road, London SW17 7EA. Tel: (24 hr) 01-767 1371.
at the heart of franchising

EXPORT SALES & MARKETING "81"

New Sales Growth with OUR help.
Let us advise or assist with
New Export Markets
or Increasing Existing Sales
Market Surveys carried out
Phone 0202 29076 for details

FOR SALE

Valuable Development Project
Almost complete, suspended through company liquidation. CNC controlled auto capstan lathe involving the most forward looking principles of control micro-chip based, with visual display unit, and advanced system of machine automation. No similar machine yet on the market. Also another machine project with great scope in a quite different field.
DAVID BENTLEY LIMITED
Greengate, Salford, Manchester M3 7NS

FOR SALE

Valuable development project almost complete, suspended through company liquidation. CNC controlled auto capstan lathe involving the most forward looking principles of control, micro-chip based, with visual display unit, and advanced system of machine automation. No similar machine yet on the market. Also another machine project with great scope in a quite different field. David Bentley Limited, Greengate, Salford M3 7NS, Manchester

---

THE EXECUTIVE MBA By part-time study

Many ambitious managers would like to undertake an extended programme of formal study in management but find it difficult to consider taking a year or more away from work.

Cranfield School of Management's new Executive MBA programme offers a way out of this dilemma. This part-time degree programme provides participants with the opportunity to develop their management skills and knowledge without interrupting their careers. Spread over two years, the programme contains the same rigorous course of study as our 12-month full-time Master of Business Administration programme and demands the same high standards from participants.

During each year, participants are required to attend Cranfield for 21 residential weekends (all day Friday and Saturday) and 3 one-week residential periods. This formal group and class work is supplemented by a substantial amount of private study during the periods when participants are away from Cranfield.

Candidates for this degree must be ambitious and motivated people, normally possessing a good university degree (or an equivalent professional qualification) and 3 or more years full-time business experience since graduation.

Further information on the Executive MBA programme may be obtained from Dr. Andrew Kakabadse, quoting ref. CS 724

Cranfield School of Management
Cranfield · Bedford MK43 0AL · England
Telephone Bedford (0234) 751122 · Telex 825072

FOR SALE

STEAM BOILER

MAXECON Oil-Fired

35,000 lb/hour F & A. 150 p.s.i. D & S. Complete with F.D. Fan, Spinning-Cup Burner, Level Controls etc. New in 1977, can be seen in operation. Available July 1981.
Write Box F.2025, Financial Times.
10 Cannon Street, EC4P 4BY.

SMALL HYDRAULICS MANUFACTURING COMPANY

(T/O £1M.)

wishes to combine with similar sized organisation, utilising, if suitable, other company's management team and facilities or vice versa.
Write Box F.2020, Financial Times,
10 Cannon Street, EC4P 4BY.

FAST EXPANDING

ORGANISATION

LOOKING FOR BUSINESS OPPORTUNITIES IN THE RETAIL OR MANUFACTURING FIELDS.

Any interested parties kindly write to Box F.2031, Financial Times, 10 Cannon Street, EC4P 4BY.

LIMITED COMPANIES

FORMED BY EXPERTS
FOR £85 INCLUSIVE
READY MADE FOR £95
COMPANY SEARCHES

EXPRESS CO. REGISTRATIONS LTD.
Epworth House
25-35 City Road, EC1
01-628 5434/5, 7361, 9936

INVEST IN TEXAS

A group of businessmen are buying a commercial property in Houston and wish to meet likeminded people to expand the idea. Minimum investment £10,000.

Write Box F2032, Financial Times
10 Cannon Street, EC4P 4BY

NO REASONABLE OFFER REFUSED!

ONE 200 H.P. DIESEL-ELECTRIC SHUNTING LOCOMOTIVE TYPE 0-4-0
Well worth inspecting.
Offers around £5,000 (+ VAT)
Clugston Roadstone Limited
Tel: Scunthorpe (0724) 843491
(Contact Mr. M. Collins or Mrs. L. J. Wright)

AVAILABLE, up to 50% interest in genuine Castle and Hall class steam locomotives—from £20,000. Tel: 021-451 7395.

LEADING INFORMATION COMPANY in the microelectronics field is seeking finance for well-defined future projects. Investment only or investment participation in activities. Write Box F.2022, Financial Times, 10, Cannon Street, EC4P 4BY.

START AN IMPORT/EXPORT AGENCY. No capital needed. Established 1946. Clients in 120 countries. Stamp for details. Wade, Dept., F, P.O. Box 9, Marlborough, Wilts.

BARCON LEASING provides leasing facilities for small unit equipment purchases. For details phone 023 585 454.

SECONDARY FINANCE for Home Owners. 14½%-17¾% p.a. interest. Palmer Banks, 01-402 6691.

Labour MPs reject tie to conference

By Richard Evans, Lobby Editor

A FURTHER attempt to force Labour MPs to obey party conference decisions as well as the General Election manifesto was firmly rejected by the Parliamentary Labour Party yesterday.

Mr. Michael Foot, Labour leader, pointed out that if accepted, the move would bring about a continual crisis within the party. Mr. Eric Heffer, one of the leading Left-wingers on the national executive committee, warned that the proposal was fundamentally undemocratic.

No vote was recorded after a debate on the proposed amendment to the party's constitution, but a show of hands confirmed overwhelming opposition from the 40 MPs present at the special meeting of the PLP.

The amendment seeking to bind MPs to party policy was moved by Mr. Ernest Ross, MP for Dundee West, backed by Mr. William McKelvey, MP for Kilmarnock, during a discussion on a working party report on the PLP constitution.

Mr. Ross argued it was essential that MPs should seek to implement official party policy whether Labour was in Government or Opposition. But Mr. Denis Howell, a leading moderate, retorted that he was fed up with extremists seeking to divide the party when they should all be trying to secure maximum harmony.

Mr. Heffer recalled he had been against party policy on several occasions in the past, and he did not think MPs should always be bound to accept all decisions of the party.

"We are a democratic party and not a Communist party." he added.

Gowrie wary of curbs on union immunities

BY IVOR OWEN

PROSPECTS of Government action to curb trade union immunities seemed to recede further last night with a low-key speech by the Earl of Gowrie, Minister of State for Employment, in the House of Lords.

In a balanced assessment of the possibilities canvassed in the recently published Green Paper on union immunities he repeatedly emphasised the difficulties inherent in introducing new legislation.

So forceful was Lord Gowrie in underlining his commitment to the step by step reform of industrial relations consistently advocated by Mr. James Prior, the Employment Secretary, that at one point he won cheers from the Labour benches.

He declared: "I am personally sceptical as to how far one can cure industrial relations difficulties by legislative action."

The general tenor of Lord Gowrie's speech clearly worried back-bench Tory peers who have have been pressing the Government to take stronger action against the trade unions.

Lord Orr-Ewing (Conservative) called for an assurance that the Minister had not ruled out the inclusion of legislation in the next parliamentary session after the Government has studied the response by industry to the proposals outlined in the Green Paper.

Lord Gowrie immediately made it clear that he had not completely closed the door on a further Bill on industrial relations.

"I am not saying that we should give up and go home." he insisted.

Lord Gowrie assured Government supporters: "I think that if we could find sensible legislation — or additional legislation which was agreed and needful — we would certainly bring it in as soon as ever is necessary."

But he warned that new laws would fail if they did not follow the pattern of the Employment Act introduced last year by taking account of the realities of industrial relations.

He urged those calling for further legislation to take account of the new realism now apparent on the shop floor in much of British industry and to give credit to the Government for the part its counter-inflation policy had played in bringing this about.

He suggested that the manpower shake-out undertaken by many firms meant that they

Lord Gowrie: urged acknowledgment of shop-floor realism

would be in a stronger position to meet international competition when the upturn in the economy got under way.

It was certainly not the time to insulate industry, which would only lead to the undermining of Britain's competitiveness.

Lord Gowrie hit out at the TUC for its support of practices which had contributed to unemployment by producing the high unit costs which had made so many firms uncompetitive.

To Conservative cheers he protested: "It is not credible for the TUC to look the Government in the eye and complain about unemployment when there is a beam at least 1½m strong in their own collective orb."

Forthright backing for Mr. Prior also came from Earl De la War (Conservative) who warned against any departure from the step by step approach to reform.

The Employment Act had only been in operation for seven months, he said, and it was far too soon to make further legislative changes in trade union law.

Lord Scanlon (Labour), the former leader of the Amalgamated Union of Engineering Workers, warmly endorsed these views.

There should be no further legislation, he said, and it should be left to the good sense of trade unions and employers to work out a system that was suitable to the particular industry in which they were engaged.

Lord Scanlon frankly acknowledged that unemployment did have a restricting effect on the demands of the trade unions and argued that this was an important factor in the new realism which Ministers claimed to have detected on the shop floor.

He wondered whether it was not a situation of employers saying, "It is our turn now—we will show you."

On the other side, said Lord Scanlon, were the trade unions who were saying, "Our day will come."

He argued that the Government had been wrong to risk exacerbating industrial relations by publishing the Green Paper at a time when the main emphasis should have been on securing co-operation between management and unions on how to deal with the problems which would undoubtedly arise when the upturn in the economy arrived.

From the cross-benches Lord Hankey accused the Government of complacency. He called for further legislation which would include a provision to make collective agreements enforceable through the courts.

Entry powers may be extended over phone attachments

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT is considering taking additional powers of entry to check whether telephone equipment provided by private industry has been properly approved for use, Mr. Kenneth Baker, Minister of State for Industry, told the Commons yesterday.

He was speaking during the report stage of the British Telecommunications Bill which allows properly certified equipment to be attached to phones installed by British Telecom, the Post Office's telecommunications arm.

Mr. Baker said the Government was still looking at the question of enforcement to see whether the existing powers of entry and the powers under the Trades Description Act were sufficient.

The Government wanted to be satisfied that the powers of entry to retailers, wholesalers, suppliers and possibly manufacturers were adequate to check whether the equipment being provided had been properly marked under the new inspection arrangements.

It was considering whether specific powers were necessary. If so it would add them to the Bill when it reached the House of Lords.

The existing laws did not pose much problem for the inspection of retailers' premises as a person could easily enter a shop and buy a piece of equipment to see whether it had been approved. But this could prove more difficult when the equipment was not being sold from a shop.

It was in the interests of the private suppliers of the equipment, he said, that the Government should get this right. They would not wish to find themselves under-cut by equipment that was not up to specification.

Guy de Jonquieres writes: The next Labour Government will launch an urgent review of the Bill with a view to making "radical changes" in its provisions, Mr. Stan Orme, the Opposition spokesman for industry, said yesterday.

He indicated that the changes would be likely to include moves to renationalise some of the sectors of the telecommunications business which the Bill will remove from the monopoly control of British Telecom.

"If the Government chooses to go ahead with the sale of assets, any prospective purchasers are warned," he said.

Mr. Orme was addressing a rally organised by Post Office unions at Westminster to register their opposition to the Bill.

The unions are concerned that private competitors will damage the Post Office by "creaming off" profits from its most lucrative business. They also fear the Government might use the new legislation to weaken industrial action by allowing private operators into the market.

Mr. Orme told the rally: "As soon as Labour is back in power, we will be talking to your unions about radical changes to the Bill, about a review of licences issued under the Bill and derogation from monopoly, and about creating a framework for the success of British Telecommunications and Post Office services."

Mr. Tom Jackson, general secretary of the Union of Communications Workers, said deregulation would lead to higher telecommunications charges and a decline in postal services for people living in rural areas.

Industrialists take up cause of electoral reform

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

SIX LEADING industrialists yesterday took up the cause of proportional representation and urged other industrialists to use their influence to pressurise the Government into introducing a fairer system of voting.

In a pamphlet to be sent to about 300 companies, the six signatories argue that industry has done a lot to help the Government, and that it is now time the Government did something in return.

The pamphlet is written by the most impressive line-up of industrialists yet to come out in favour of proportional representation. The authors are Viscount Caldecote, chairman of Delta Metal and Finance for Industry; Sir Alex Jarratt, chairman of Reed International and a member of the CBI's presidents committee; Mr. Joseph Rank, chairman of Ranks Hovis McDougall; Sir Leslie Smith, Chairman of BOC International; and Sir Graham J. Wilkins, chairman of the Beecham Group, together with the Rt. Hon. Lord Carr of Hadley, chairman of the Prudential Assurance and a long-time supporter of PR within the Conservative Party.

The publication of the pamphlet follows last week's remarks by Sir Adrian Cadbury, chairman of Cadbury Schweppes, about electoral reform, and yesterday the National Committee for Electoral Reform claimed the pamphlet was indicative of the strength of feeling within industry about the need for a change in the present first-past-the-post voting system.

The pamphlet argues that industrialists should support PR—if only on grounds of self-interest. Electoral reform will, it claims, benefit industry in three ways.

First, it would increase the "weight of longer-term considerations in Government decision-taking and strengthen the influence of those who understand the need for consensus and consistency of Government."

Second, the pamphlet argues, it would give to "genuinely majority Governments the legitimacy and support for necessary and difficult decisions." Third, the authors maintain, it would produce fewer but more carefully considered laws, "making it easier for industry to get on with our real task of wealth and job creation."

Politicians, it points out, "ask a lot of industry which today is bearing the full brunt of the Government's anti-inflation policy and is also trying to make a massive contribution to a successful outcome." It was time that industry asked something of the politicians. "We ask them to put the country's long-term interests first and implement a reform which would be welcomed

Defection no lure to Fletcher

By Maurice Samuelson

MR. RAY FLETCHER, the Labour MP for Ilkeston, Derbyshire, said last night that he felt no animosity towards Mr. Norman Colledge, the secretary of his local party, who had resigned and was considering joining the Social Democrats.

Nevertheless Mr. Fletcher, Ilkeston's MP since 1964, said that although in some respects he regards himself as more Right-wing than the Social Democrats he had no intention of joining them.

Mr. Fletcher has written a critique of them "from the Right" for the forthcoming quarterly of the Institute of Economic Affairs. "I fear the Democrats would take us back to fuzzy Butskellism and bureaucratic do-gooding," he said yesterday.

Like some other Right-wing Labour MPs who have ignored the siren voices of the Social Democrats, Mr. Fletcher says he intends to stand for re-selection before the next election, and refuses to be "turfed out by small groups which have had a go at me."

Of Mr. Colledge, a Labour Party member for 27 years who used to be on the Left, Mr. Fletcher said he had "only tremendous gratitude" for past support.

'Guesswork' warning by Joseph on BSC

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

SIR KEITH JOSEPH, the Industry Secretary, told MPs on the Trade and Industry Committee yesterday it was impossible to predict whether the external financing limit for the British Steel Corporation set at £730m for 1981-82, will prove adequate.

He emphasised that as far as the future of the steel industry is concerned, "we are in the realms of guesswork. We would desperately like to look ahead but it is just impossible."

He admitted that the cost projections for BSC beyond the current year could be little more than conjecture at this stage, but returned several times to the point that it remained the Government's intention to see BSC return to profit.

BSC's forecast loss in the financial year which started yesterday is put at £325m—a slight revision of the figure of £318m given to the committee two weeks ago by Mr. Ian MacGregor, BSC chairman.

This figure, which represents less than half the loss of £660m expected to be announced for the financial year just ended, is dependent, however, on an improvement in several of the external factors affecting the gradual progress of BSC towards a healthier state.

Sir Keith told the committee there must be an improvement in markets and prices, the latter in itself largely dependent on a voluntary agreement being reached on production levels in the European steel industries, as well as exchange rates.

He described Mr. MacGregor's corporate plan, which has been approved by the Government, as "a robust and optimistic attempt to market BSC very hard."

Although he agreed that the plan was ambitious, he said Parliament had decided to give Mr. MacGregor the opportunity to see if he could motivate the latent skills in the corporation.

Trial monitor on health spending to be launched

BY GARETH GRIFFITHS

EXPERIMENTS in monitoring National Health Service expenditure are to be launched in three regions in order to help district health authorities improve their financial performance.

Sir Patrick Nairne, the Permanent Secretary at the Department of Health and Social Security, told the Public Accounts Committee yesterday the Department's management advisory service would complement the monitoring role of the regional health authorities and would represent some of the best features of the education inspectorate's methods.

The service at regional level would be able to transmit information from one health authority to another while providing "an external inspectoral roving eye" on performance.

The DHSS sees the development of the management advisory service as a way of enabling it to ensure the district health authorities meet their financial requirements without undue interference from central Government.

Sir Patrick said the experiments in monitoring would take place in the north-west region, Oxford and the south-western regions, and in Wessex. In the north-west a multi-disciplinary team would visit authorities on a regular basis while in Oxford and the south-west the approach would be on a more selective basis.

The Wessex Regional Health Authority was developing a "do it yourself" system of accounting.

The DHSS has cut dramatically the advice it is giving local health authorities, Sir Patrick said. The Government now sees its role in the NHS as essentially strategic

Finance Bill out tomorrow

By Our Lobby Editor

THE FINANCE BILL implementing the Budget is to be published tomorrow. It will have its second reading debate in the week the Commons adjourns for the Easter recess on April 16.

The committee stage, partly on the floor of the Commons, will begin immediately after the recess when the increase in petrol and DERV duties by 20p a gallon will come under renewed attack.

The 30 Conservative backbenchers who voted against the increase or abstained remain confident they will force a lowering of the duty.

Funds trust for Royal Academy

BY JAMES McDONALD

THE ROYAL Academy of Arts, which "desperately needs" about £500,000 a year to bridge the gap in its finances, has initiated a fund-raising trust under the chairmanship of Lord Lever and with Prince Philip as a trustee. Sir Hugh Casson, president of the academy, told the Commons select committee on education, science and arts yesterday.

The academy later refused to elaborate and said it planned to announce details of the trust next month.

Mr. Sidney Hutchison, secretary of the academy, told the committee the sale of its Michelangelo Tondo—which had been valued at about £8m seven years ago—was not contemplated at the moment, but he could not guarantee that this would always be so.

Mr. Hutchison said the Arts Council had told the academy that it found it impossible to offer a grant on the lines of the grants made to the opera. A letter from the council in February said it could take on no new commitments of a substantial nature.

"We're mentioning a figure of £500,000 a year grant for the Royal Academy, while considerably more than £5m is bound for the opera," Sir Hugh said.

The committee, which was hearing evidence on public and private funding of the arts, was told that in recent years most of the academy's loan exhibitions have been increasingly dependent upon partial sponsorship from commercial or industrial organisations.

"The Royal Academy, in its present circumstances, could not have undertaken certain major loan exhibitions in recent years without such outside help," said Mr. Hutchison.

Its projected overall deficit for 1981 is £454,000, "and the general fund's bank overdraft seems likely to reach £970,000 by the end of the current financial year."

Mr. Hutchison said it was "unthinkable" to the academy that its activities might have to cease or at least be so curtailed as to destroy the usefulness of its service to the nation. "All efforts are being made to avoid this but a major injection of new capital or much more regular income is desperately needed."

FINANCIAL TIMES SURVEY

Thursday April 2 1981

Inter-American Development Bank

BY HUGH O'SHAUGHNESSY

In more than two decades of operations the Inter-American Development Bank has become a major factor in the financing of Latin American growth. It is facing some temporary problems with a major shareholder but it has successfully overcome bigger challenges in the past.

IT MAY appear churlish to say so on the eve of the first assembly held outside the Western Hemisphere, but the Inter-American Development Bank is going though one of the periodic troughs in its fortunes.

As the bankers of the world hurry to Madrid for the annual meeting of the board of governors, all the energies and wiles of Licenciado Antonio Ortiz Mena, the Bank president, and his team are being employed to make sure their institution will not go short of funds or, if it does, that the shortfall will not be serious.

The accession of Mr. Ronald Reagan to the presidency of the U.S. has not been good news for the Washington-based bank. The tough line he is taking in Latin America over political matters, and the equally intransigent line he is taking towards the international financial institutions in general, is making life difficult for the IDB. *The new Administration is* going against much of what the institution stood for.

However faltering the Bank may have been at different times in its methods, it has always stood for the concept that peace and stability could only be reached and maintained in Latin-America through the due economic and social development of one of the most extensive underdeveloped areas of the world.

While others have seen the Red Menace as the principal evil haunting the region the Bank *has seen, preached and* acted on the fact that the multiple inequalities among and within the Latin American republics were a far greater threat.

It may not have acted as *quickly or as effectively* as many would have liked on social and economic questions, but at no point did it accept the argument that extra-regional forces such as the Soviet Union bore responsibility for the restlessness of Latin America. Nor did it accept that the region's restlessness could be calmed by the use of troops and weapons.

Indeed the Bank was established at a time when the U.S. Government was anxious to meet and beat the challenge presented by the Cuban revolution. The U.S. recipe was orderly economic development and social progress.

The Bank started operation on October 1, 1960. Its establishment had for years during the 1950s been resisted by officials in Washington who did not accept Latin American politicians' calls for the establishment of a regional *development* bank.

Agrarian reform

At a time when to advocate agrarian reform was tantamount to branding oneself a hopeless left winger the Kennedy government gave its blessing to an organisation which saw agrarian reform as a necessary step in many countries of Latin America if economic development and social stability were to be achieved.

The IDB started as a very *small development* bank with resources insufficient to make any measurable impact on the problems of the area. Nevertheless it began to prosper thanks to the enthusiastic support of many Latin American governments, the efforts of its first staff—most notable among them Sr. Felipe Herrera, the Chilean financial expert and former minister—and the backing of a group of politicians and officials in the U.S. who supported the Alliance for Progress.

By the end of the 1960s the Bank had authorised loans of about $4bn and was becoming more important in the Latin American scene.

The 1970s was the decade in which the Bank reached maturity. This coincided with Sr. Ortiz Mena's years at the Bank. He became president on November 27, 1970. In the decade the Bank multiplied the amounts of its capital and loan operations several times. It enlisted new members from outside the region and became a powerful force in the development of Latin America.

As it has grown in stature it has attracted jealousies and enmities and been the subject of increasingly tough politicking. The U.S., conscious of its growing stature, has never been keen to cede that control over the Bank that *Washington's* first capital injection gave it.

Washington, cannot, for example, have been unaware of the Bank's importance to the Government of Dr. Salvador Allende in Chile from 1970 to 1973. The drop in Bank lending to Chile during those years may certainly have had something to do with the ability of the Allende Government to convincingly present funding applications to the IDB. It must also have had something to do with Washington's opposition to the then Chilean Government.

A *similar* pattern might also be discerned in the Bank's relations with Peru at the height of General Juan Velasco's nationalist administration in the early 1970s.

However, as the Bank has grown, it has been better able to resist the pressures brought to bear on it. It is now able, for instance to advocate a growing lending programme to Nicaragua in spite of the fact that the Sandinista Government in Managua is not looked on favourably by the Bank's biggest shareholder. The Bank, in fact, was something of a lifeline to the Nicaraguan Government in its first year in office as it dealt with the most grievous damage left behind by the Somoza dictatorship.

Arguments

In 1981 the Bank will doubtless be faced with strong political arguments that it should maximize its help to the junta in power in El Salvador and it will doubtless judge these arguments on their objective merits.

The importance of the Bank, strong though it has become, must be set against the relative decline of the public international financial institutions as sources for finance for the Latin American republics.

The 1970s saw the rise of the euromarkets as sources of commercial bank finance for the *region*, where all but the least creditworthy of countries, provinces and cities could find the finance they needed. But if its relative financial importance to the republics declined, even at a time when the Bank was becoming financially more powerful, its intellectual importance to the region became greater than ever.

When the history of Latin America in the 20th century comes to be written it may well be that the Bank's work in promoting the idea of Latin American integration—at a time when that concept appeared to be faltering—will be seen as a greater and more lasting contribution to the region's development than the financing of a particular hydro-electric scheme or rural co-operative.

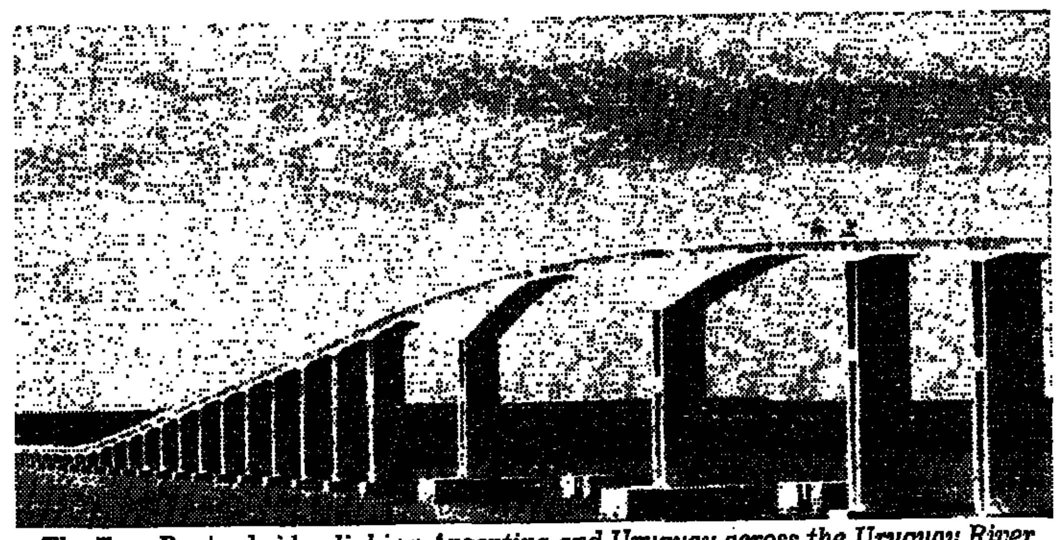
The work of INTAL, the Bank's institute for Latin American integration — discussed elsewhere in this survey —has been of a consistently high quality.

At a time when the Latin American Free Trade Association has finally had to be killed and replaced with the much less ambitious Latin American Integration Association, when wars and revolutions are pulling the Central American Common Market apart, when the Andean Pact is suffering traumas and when even the small islands of the Caribbean can find no lasting consensus on the future operations of Caricom, the Bank has through INTAL helped to keep the concept of regional co-operation alive.

Less specifically, but no less importantly, the Bank by its very existence has reminded Latin Americans *that they have* much in common at a time in history when the rapid growth of some economies and the stagnation of others has widened the gap between the richest Latin Americans and the poorest.

At a time when the average Venezuelan or the average Brazilian appears to have less and less in common with the average Haitian or the average Bolivian, the Bank was there to remind all that there was advantage to be gained by working together.

CONTINUED ON NEXT PAGE



The Fray Bentos bridge linking Argentina and Uruguay across the Uruguay River was financed with loans, a major portion of which were provided by the Inter-American Development Bank

IDB OPERATIONS (1961-80)

Totals ($bn)

	1961	1965	1970	1975	1976	1977	1978	1979	1980
Total resources	1.3	3.4	5.7	11.5	14.3	16.1	18.6	18.6	23.9
*Outstanding debt (end of year)**	—	.285	.915	1.58	2.07	2.38	2.7	2.91	3.03
Gross annual borrowings	—	.012	.187	.365	.550	.302	.238	.409	.460
Loans authorised (cumulative)*†	.294	1.52	4.06	8.68	10.2	11.9	13.9	15.8	17.8
Loans authorised (annual)	.294	.374	.645	1.37	1.52	1.8	1.87	2.05	2.3
Loan disbursements (annual)	.006	.182	.428	.712	.727	.832	1.06	1.15	1.43
Loan repayments (annual)	—	.016	.107	.199	.229	.272	.293	.366	.432
Non-reimbursable technical cooperation (annual)	*.002*	*.003*	*.005*	*.025*	*.031*	*.045*	*.057*	*.041*	*.032*
Net income	‡	.009	.049	.115	.122	.145	.181	.233	.257
Reserves	‡	.024	.149	.557	.679	.824	1.00	1.23	1.49
Administration	.005	.012	.029	.052	.057	.062	.070	.079	.106

* After adjusting U.S. dollar equivalents of borrowed currencies to year-end exchange rates. † Net of cancellations. ‡ Under $500,000. Source: Inter-American Development Bank Annual Report.

The intensive care unit of the hospital school in Tegucigalpa, the capital of Honduras, received equipment financed by a $4.8m loan from the Inter-American Development Bank

CONTENTS

INTER-AMERICAN DEVELOPMENT BANK II

Ingenuity tested in search for new funds

THE Inter-American Development Bank's capital resources have grown in great leaps and bounds since the Bank's inception 21 years ago. Capitalised then at some $1bn, the Bank's resources grew to $5.7bn by 1970 and more than quadrupled in the last 10 years to nearly $24bn today.

However, this sort of growth—largely achieved through signing up new members and negotiating higher dues every few years—is not likely to continue for much longer. The Bank's present capital structure has been just about stretched to its limit and it now appears that the IDB's ability to support real growth in its lending programmes depends on its continued ingenuity in finding and developing new methods for channelling funds to Latin America.

The capital structure of the Bank at its creation was designed to foster its ability to borrow in the international capital markets, in turn lending funds to those countries and projects that private banks would normally shun. Each member country, as a result, contributed yearly subscriptions *in exchange for voting shares in* the Bank. This subscribed capital stock, which excludes contributions to the Bank's concessionary loan fund, now stands at $15bn. The bulk of this, $13.4bn, is callable capital which is not actually paid to the Bank but stands behind the Bank's commercial borrowings.

Under its charter, the IDB must call on and negotiate with its member countries for any increase in capital subscriptions. These negotiations, called replenishment programmes, have been historically dominated by the largest single *shareholder in the IDB, the* U.S.

The U.S. holds 34.8 per cent of the voting shares of the Bank, while the 23 Latin American countries have a total of 56 per cent. Canada, which joined in 1972 has a 4.7 per cent share and the non-regional members who, from 1976, were allowed to join the Bank and now number 18 have a total share of 4.5 per cent.

Stymied

In the haggling over replenishments, which takes place every *three to five years, less concern* is expressed over the callable category of contributions. These funds serve as a guarantee for the Bank's borrowings and would only be required if the Bank was unable to meet its *obligations* on the financial markets. It is the touchy subject of paid-in capital that has stymied the latest replenishment programme, the Bank's fifth.

In its proposal for this re*plenishment*, the Bank asked its members to approve an $8bn increase in capital stock for the 1979-82 period. Of this, only 7.5 per cent was to be paid-in capital, a marked drop from the days when the Bank asked for nearly half of the subscriptions to be paid-in. However, in dollar terms, the slice of the pie had not decreased at all as the size of the pie had grown so markedly.

The U.S. share of the replenishment — $2.7bn — required 7.5 per cent or $206m to be approved by Congress as paid-in funds, on top of a separate $700m allocation the IDB was seeking for its re*plenishment of its soft* loan programme. Congress took months to make up its mind and in the end approved only 90 per cent of the allocation, in both the paid-in and callable categories. As a result, when, nine months late, the fifth replenishment went into effect last summer, the first and second instalments were reduced by other members, and the Bank has so far received $230m less than budgeted.

While this may not seem to be a large reduction in funding, it does mean that loans which have already been approved may have to be cancelled. Although at the time, the U.S. administration pledged to seek congressional authorisation for the remaining 10 per cent of the IDB's allocation, the country has since elected a new, more conservative administra*tion that may not be in a hurry* to honour commitments made by its predecessor.

Shortfall

Bank officials say that the shortfalls in the fifth replenishment would have to be made up at the latest by the end of this year in order to carry out their lending programme for the 1979-82 period. "If this does not occur," notes a Bank report, "it will be incumbent upon *the Bank's board of Governors* to examine alternative solutions."

As the U.S. backs off from its leading role in allocating funds to the Bank, the question now arises whether Venezuela, *Mexico and Argentina are* prepared to pick up the declining American share. Other industrialised member countries, *facing similar economic* constraints to those in the U.S., are not likely to do so.

Further, with Norway joining this year, the membership roll of the IDB now includes just about every suitable candidate, with the notable exception of the OPEC countries who will stay away as long as Israel is a member. (South Korea has apparently sought membership in the Bank but has so far been held at arm's length.)

However, revising the Bank's charter to increase the subscriptions of the wealthier Latin American countries or other such restructuring would be a lengthy, time-consuming task. Other alternatives for increasing its lending capacity have been in train for some time, for example, the Bank's complementary finance programme. Under this scheme, loans are made on commercial terms and participations for the full amount are sold to interested financial institutions.

These institutions are freed from analysing the project and disbursing the loans, as the IDB supervises the completion of the project and administers the loan until its repayment. The stumbling block for this programme, however, has been the lack of suitable projects.

Further, the Bank *reports* that last year the complementary financing dropped compared with 1978-79 levels, achieving only 50 per cent of its target of $100m for the year. The Bank blames this drop on "implementation problems" in that a number of anticipated large operations did not materialise and that there were *no reserve projects in the pipeline.*

The Bank has also pursued parallel and co-financing arrangement with such agencies as the EEC, the World Bank and, to a small extent, *with OPEC's Special Fund.* In parallel financing, two or more institutions back part of a large project separately, while in co-financing operations, another organisation aids in financing an IDB project, but the Bank *is responsible for the administration* of the loan. Again, these programmes are small compared with overall bank lending. For example, the Bank carried out two co-financing deals with the EEC *in 1979, the larger consisting* of a $12.2m IDB loan and $2.3m from the EEC for a farm settlement and irrigation project *in Bolivia. OPEC provided* two $1.4m packages in 1979, one for a storm sewage system in Paraguay and another for a water systems project in that country.

In order to enlarge these programmes and, it is hoped, to design new ones, the Bank set up a working committee last year to investigate this subject. The committee, which includes a senior official of Citibank and a former Brazilian finance minister, has been exploring the possibility of a private bank subsidiary to the IDB. This could be accomplished either by buying into an established bank or setting up a new one with bank resources. One of the main purposes of such a bank would be to channel OPEC funds to Latin America, thus side-stepping the delicate question of Israel's membership in the IDB. Other projects for attracting OPEC funds are also in the pipeline and may be announced soon.

"The Bank is an insecure institution at the moment," said Mr. Jerome Levinson, one of the founding figures of the bank and now its General Counsel. One of the former regional directors of the Bank went even further, claiming that "unless the IDB finds more means of finance in the next few years, it will become less significant in terms of overall lending to the area."

So far, the Bank's lending has grown steadily—even last year the IDB registered a 13 per cent increase over 1979's lending authorisations. But in real terms, the Bank notes, there was no noticeable growth in the lending programme last year because of the sharp inflation of the OECD manufactured goods imported by the region. With this sort of inflation and its continuing replenishment troubles, the Bank's plans for the next few years will certainly be crucial to its ability to maintain its strength.

Carla Rapoport

MEMBERS OF THE IDB*

REGIONAL	Haiti	Denmark
Argentina	Honduras	Finland
Bahamas	Jamaica	France
Barbados	Mexico	West Germany
Bolivia	Nicaragua	Israel
Brazil	Panama	Italy
Canada	Paraguay	Japan
Chile	Peru	Netherlands
Colombia	Surinam	Portugal
Costa Rica	U.S.	Spain
Dominican Republic	Uruguay	Sweden
Ecuador	Venezuela	Switzerland
El Salvador	NON-REGIONAL	Trinidad and Tobago
Guatemala	Austria	UK
Guyana	Belgium	Yugoslavia

** Norway will be joining shortly and South Korea and Romania have also made overtures*

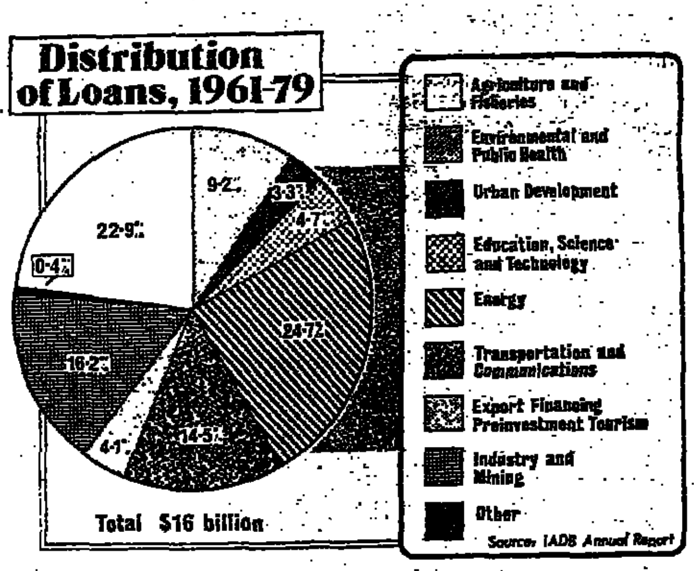
IDB'S CUMULATIVE LENDING 1961-80*

Net of Cancellations and Exchange Adjustments

	$m.		$m.
Argentina	2,106.1	Haiti	165.1
Bahamas	5.4	Honduras	492.4
Barbados	55.5	Jamaica	183.7
Bolivia	653.6	Mexico	2,394.9
Brazil	3,594.7	Nicaragua	396.9
Chile	581.5	Panama	428.5
Colombia	1,446.6	Paraguay	333.7
Costa Rica	559.9	Peru	777.0
Dominican Republic	581.4	Trinidad and Tobago	19.2
Ecuador	833.1	Uruguay	294.3
El Salvador	416.8	Venezuela	319.9
Guatemala	473.8	Regional	628.1
Guyana	97.9	TOTAL	17,840.0

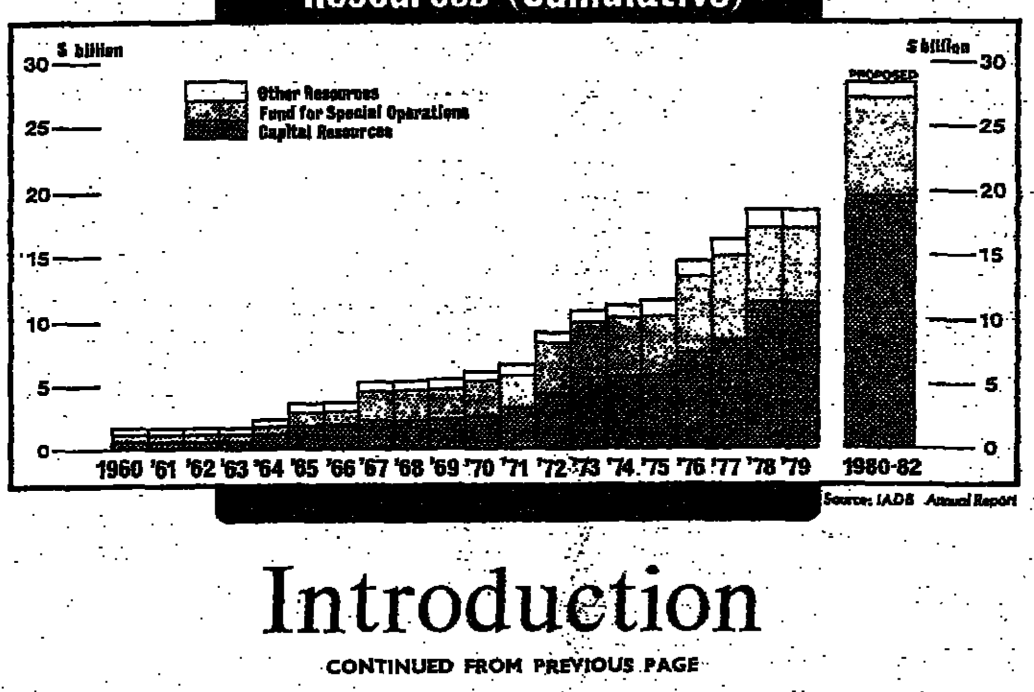
*Adjusted for exchange rate fluctuations which in 1980 consisted of net decreases of $103.7 million in the ordinary capital and $24.3 million in the inter-regional capital, and net increases of $0.2 million in funds in administration.

Distribution of Loans, 1961-79



Source: IADB Annual Report

Resources (Cumulative)



Source: IADB Annual Report

Introduction

CONTINUED FROM PREVIOUS PAGE

But until that history is written the Bank must keep itself in business by borrowing and lending, which may be a difficult process in the Reagan years. But to be fair to the present U.S. president the trouble between the Bank and its biggest shareholder began in the Carter era.

For much of last year the U.S. Congress was voicing its disapproval of foreign aid plans and finally decreed that the commitments made by government officials on behalf of the U.S. would not be honoured.

The difference today is that this disapproval, which was only congressional policy last year, is official policy this year. Consequently the effort that the White House and the State Department would have been expected to make this year to persuade senators and congressmen to help the Bank with its current and overdue capital raising operation, is unlikely to be forthcoming—or at least there will not be the enthusiasm that would have been expected from a continuing Carter administration.

If in the end the U.S. decision makers decree that the funds promised by the U.S. will not be available from Washington then the Bank will have to turn more directly to its shareholders in the rest of the developed world, notably Canada, Western Europe and Japan.

In this circumstance the fact that the Bank is holding its most important annual gathering in a Western European capital will assume increased importance. It may be that for the Bank to prosper it will have to have greater recourse to non-U.S. sources of finance, and this month's gathering in Madrid will be an important step in familiarising Europeans with the institution.

Eight years ago, speaking in Madrid at a conference of planning ministers from Latin America and Spain, Ortiz Mena allowed himself to draw a striking metaphor from history. "Now is the time," he said, "to build the great financial and commercial arch that came crashing down in the 18th century." That delicate architectural operation — this time to link Latin America more strongly with the whole of Western Europe — could be brought a step nearer in the Spanish capital this month.

INTER-AMERICAN DEVELOPMENT BANK III

A man of his continent

LICENCIADO Antonio Ortiz Mena, president of the Inter-American Development Bank, has as good a claim as any other to being the doyen of international bankers.

Born in the northern Mexican state of Chihuahua he made a first career in government. After taking a degree at the National University of Mexico he stayed on for postgraduate studies in philosophy and economics.

His first taste of government came when he was a consulting lawyer to the Mexican ministry which runs Mexico City. From there he progressed up the ladder through the office of the attorney general and the ministry of public education until in 1959 he became secretary of Finance and Public Credit, the Mexican equivalent of the Treasury Secretary or the Chancellor of the Exchequer.

In those days the Mexican problems were unlike those of today when the rush of oil money has made the Government flush with funds and keen to keep down roaring inflation.

During his time in the ministry the financial outlook was a great deal blacker than it is today and he had to help in the delicate task of offsetting his country's chronic deficit on its visible trade account with invisibles such as tourism and with funds attracted from abroad.

His decade in the ministry—he stayed there till he took over the presidency in 1970—gave him a long and intimate apprenticeship in the art of dealing with the U.S., an art which he has had time to bring to perfection in the years he has guided the Bank.

Wide range

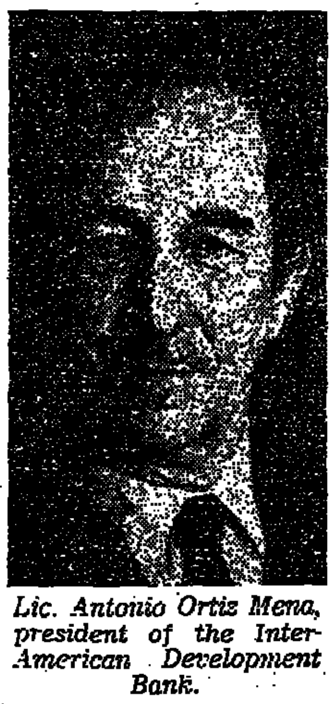
He also took seats on the boards of a wide range of companies such as Nacional Financiera, the Mexican governmental financial agency; Altos Hornos de Mexico, the steel producer; and Industria Petroquimica Nacional, the petrochemical combine.

His career has not always been bounded by financial concerns in the Western Hemisphere. During his time as secretary of Finance and Public Works he was ex officio, a governor of the World Bank and the International Monetary Fund. Earlier, during the war, he was a member of the political defence committee of the American continent.

Soft-spoken and almost self-effacing in manner, Ortiz Mena's outward appearance belies the wealth of his administrative experience and the influence he wields in Latin America where his visits are often more important to a government than those of many heads of state.

He has on many occasions tried to interpret Latin America to the outside world and the outside world to Latin America. He has not shirked the thorny problems that occur in relationships between the two, often centred on the growing nationalism of the region.

"Development consciousness," he wrote, "is no longer confined to technocrats, bureaucrats and intellectuals (in Latin America); rather has it become a mass phenomenon, and as such has become a part of the political reality with which Latin American leadership must contend . . . In recent years there has been a growing political sensitivity in Latin America with respect to foreign investments, which are designed to exploit natural resources. There has thus been a historical evolution which has now been accelerated by the intensification of Latin American development consciousness. A process of change has been set in motion in Latin America which is irreversible."



Lic. Antonio Ortiz Mena, president of the Inter-American Development Bank.

Those who would put the clock back in Latin America might do well to ponder the words of a man who knows his continent better than most.

H.O'S.

Borrowing based on fixed lines

THE PROFILE of the Inter-American Development Bank on world capital markets is very similar to that of the World Bank, although its borrowings are on a much smaller scale.

Whereas the World Bank's outstanding debt grew by $3.4bn in the year to June 1980, the Inter-American Development Bank's gross borrowing last year amounted to only $460m equivalent.

Even so it can still be classified as a fairly active fund raiser on international bond markets. Like the World Bank it borrows only at fixed rates of interest. As its lending rate is also fixed there is no room in its balance sheet for floating rate debt such as that which might be incurred through the issue of Floating Rate Notes or syndicated credits.

Also like the World Bank it passes on the foreign exchange risk inherent in its borrowings to its borrower members—Latin American developing countries. These countries must repay their loans from the Bank in the currency in which they were disbursed. Thus if the Bank makes Swiss francs available to a particular borrower, that borrower must repay his credit in Swiss francs when it matures regardless of the exchange rate prevailing for the franc at the time.

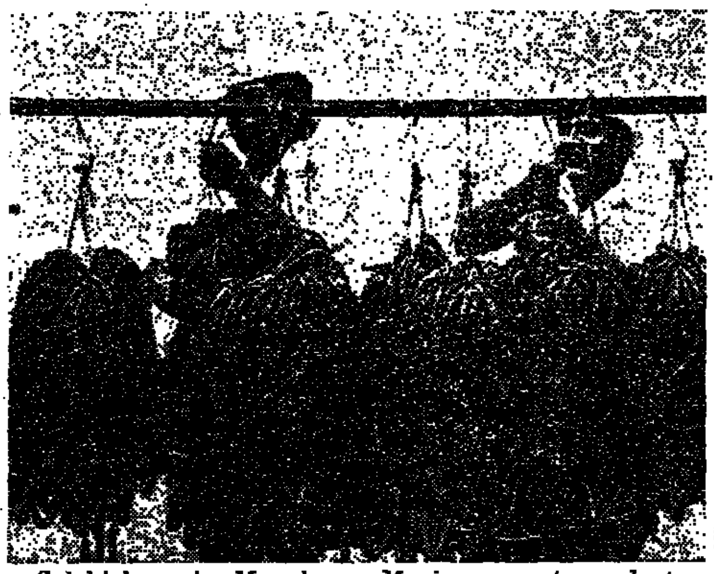
In this way the Inter-American Development Bank knows that it will always have the right amount of Swiss francs available to repay its borrowings in that currency and need not worry if the franc appreciates against the dollar, raising the cost in dollar terms of its debt outstanding in Swiss currency.

This sets it apart from other borrowers in international markets who do have to consider the currency risk inherent in their debt. For the Inter-American Development Bank, as with the World Bank, the main criterion when seeking to raise money is achieving the lowest possible coupon so that its lending rate, which is based on the weighted average cost of its total borrowings, can also be set as low as possible.

Not surprisingly this has led to a heavy weighting in the Bank's total borrowing of so-called "hard currencies" which have recently offered bonds at much lower rates of interest than the "soft currencies," such as dollars and sterling.

Of the Bank's total $3.03bn debt outstanding at the end of last year only $1.32bn was denominated in dollars. On that date the Bank had debt outstanding in Swiss francs of $689m equivalent and in D-Marks of $542m. It was also quite heavily borrowed in yen, with a total of $262m, leaving only a relatively insignificant amount outstanding in other currencies.

It is worth noting that while a large portion of its dollar debt was contracted in days of lower interest rates—the lowest coupon awarded to the Bank in this currency was 4 per cent—later issues were much more expensive. The highest interest rate ever paid by the Bank was 15 per cent on a dollar borrowing, while the top rate paid for Swiss francs was less than half that rate, at only 7 per cent.



Salchichoneria Manolo, a Mexican meat product company, received a 600,000 peso loan from the Inter-American Development Bank through the Banco del Ahorro Nacional to expand output by 35 per cent. Here workers load hot dogs onto racks at the Mexico City plant

Following its recent increase in capital and the higher demand for loans from its member countries who are struggling to cope with the higher cost of imported oil, the Bank expects to borrow much more this year than last — a figure of around $700m is suggested in some banking circles.

It has already raised funds in Germany and Switzerland this year, but it seems likely that given the difficult conditions prevailing in the German bond market in particular that it may be increasingly driven to raise money in other, high-coupon currencies.

This could have the effect of driving up its interest costs. As of last December the Bank reported that the average cost of borrowing under its ordinary capital was only about 7.7 per cent while the cost of funds under its newer inter-regional capital was a little higher at 8.4 per cent.

If the Bank does find borrowing more expensive, however, it will be because of market conditions outside its control rather than any slide in its credit rating which is built on very firm foundations.

The Bank's U.S. securities have been rated AAA, the top rating possible, by the bond-rating agencies in New York. Its debt is effectively guaranteed by the world's leading industrial countries who, as shareholders of the Bank, provide a significant portion of its capital.

Its charter limits the total of outstanding lending by the Bank to the amount of its capital and unrestricted reserves. This in turn means that its debt-equity ratio can be held to levels way below those normally permitted to commercial institutions.

Last December its debt-equity ratio stood at only 1.89 : 1 for its ordinary capital and at 1.65 : 1 in the inter-regional capital. The figures only cover the capital actually paid in and the ratio would be even more favourable to the Bank if it included the callable capital subscribed by member countries but not paid-in.

Despite its strong balance sheet the markets do not fully honour the credit rating of the Bank. Some bond dealers perceive a slight preference among investors for World Bank bonds rather than those issued by the Inter-American Development Bank, and in Switzerland the Bank has to offer more than other prime borrowers to sell its paper on the bond market.

Less traded

Concerning the first point the discrepancy in yields may arise simply because there are fewer Inter-American Development Bank bonds outstanding than World Bank paper. The bonds are thus much less frequently traded in the market place and the prices move much more slowly in relation to market trends.

The Inter-American Development Bank is inevitably a much less well-known name than the World Bank in whose shadow it stands. In Switzerland the Bank faces special problems because of the peculiarly emotional attitude of Swiss investors towards banks whose main business is lending to the Third World.

Development banks as a group are not popular on Swiss markets and they have to pay a premium over the type of well-known corporate name the market prefers. In the case of the Inter-American Development Bank this meant paying a coupon of 7 per cent for its latest issue whereas only two weeks previously Philip Morris had been able to float a bond at a coupon of 6½ per cent.

One can certainly argue that such a differentiation is hardly justified, but it is one of the facts of the market place and, while it does not mean that the Inter-American Development Bank has a poor rating, it does necessitate constant efforts on the part of the Bank to promote its good name with investors.

Peter Montagnon

U.S. policy pendulum swings into reverse

THE U.S. has always had an ambiguous attitude towards the Inter-American Development Bank, with the pendulum swinging between outright hostility and enthusiastic support. The onset of the Reagan Administration marks a return to a new era of suspicion and mistrust in Washington.

Against this background, the only major question to be settled is whether it will be the new hardliners, eager to trim the Bank's sails to suit their own course, or the traditional Republicans with their laissez-faire views who will triumph.

How the Bank is treated over the next 12 months as it prepares to face crucial negotiations for its next fund replenishment will be an important guide to U.S. thinking about the economic welfare of its southern neighbours.

The IDB was conceived in the cauldron of Latin American nationalism in the late 1950s and still remains a deeply political institution. Its place in Washington's overall policy may have diminished considerably—and is likely to lessen further—but it remains a barometer for a tricky relationship.

American opposition to the setting up of the IDB in 1959 was dropped when Fidel Castro triumphed in Cuba and Richard Nixon ran into an unexpectedly hostile reception in Caracas. After this the U.S. regarded the Bank as a bulwark against communism in the region.

It is an attitude which has survived, with debate being over the means to achieve this end rather than a questioning of the end itself.

Despite the current flurry of interest over left-wing gains in Central America and the Caribbean, the long term trend in what was once a U.S. preoccupation with Latin America is clear. Direct assistance through the U.S. Agency for International Development dropped from an average of $600m a year in the 1960s to $200m in 1979. In part this reflected the ending of expensive programmes in major countries such as Brazil as the indigenous countries prospered.

But the present outlook is more uncertain. All the signs are of a return to the more dogmatic, illiberal views of two and three decades ago.

Contrast these views, expressed privately in recent weeks by three Americans intimately connected with the future of the Bank: "There is a substantial body of opinion that the multilateral banks should improve their ability to lend without increasing the necessity to attract more funds."

"It is obvious to all concerned that these institutions have to meet the foreign policy considerations of the donors, though this does not mean responding to U.S. dictates on every issue."

Phasing out

"If the U.S. is now interested in phasing out (the IDB's) soft loan funds then that is a 180 degree turn. . . . It lobbied as hard as anyone for the IDB to support agrarian reform in El Salvador last year, against doubts with the Bank over that particular programme."

The first statement came from a Carter Administration official on his way out, recognising that to defend the gains of the past IDB would have to look to its defences. The second was the diktat of a Treasury man, able in the changed political climate of Washington to express baldly views long held within his department. The last, spiked comment came from a top Bank figure associated with its progress from the early days of the Alliance for Progress in the Kennedy era.

From their different standpoints the views add up to a common awareness that the IDB is having to go through a transition period which may be painful; that the U.S. will maintain the leading role, as the Marxists would have it when discussing party-state affairs; and, as a caveat, that Washington may find at some stage in the future that it has to abandon principle to accommodate specific interests.

For the moment the U.S. is broadly satisfied with the overall direction of multilateral aid to Latin America, coinciding as it does with the list of countries considered most important to Washington. Ten countries in the region received 98 per cent of new commitments in the last U.S. fiscal year, and of these Mexico, Brazil and Argentina received 60 per cent.

The arguments come over the much smaller amounts allocated to the poorer countries of Central America and the Caribbean, particularly when these are devoted to so-called "basic human need" programmes in health and education. Because they produce no direct economic return, criticism of this sector combines deep-rooted ideological objections to welfare aid with fulminations over "bad banking."

In concrete terms U.S. objections are likely to culminate in cut-backs for appropriations to the IDB's soft loan window, the Fund for Special Operations. "The question is now not whether, but when" the FSO closes, one key government official commented. He added that the IDA—the World Bank's concessionary arm—does a lot. This is an argument that the IDB parries by saying the IDA is lending to only four countries in Latin America and is progressively withdrawing from the region.

The problem is, as all sides are aware, that at a time of record interest rates around the world even the Bank's normal lending from its Ordinary Capital resources, at 8 or 9 per cent, looks like soft terms. But if the U.S. cuts back its funds for the FSO will others—the Bank's European members or the wealthier Latin countries—take on the burden?

Under President Carter, U.S. aid policy shifted dramatically in favour of multilateral lending and also in favour of lending to the poorest sectors of society. This philosophy played an important part in reshaping the IDB's own approach.

On the other hand, the poor nations of Asia and Africa, because of their lower GNP figures had a better claim on U.S. generosity than Latin America. Thus recent stress has been on maintaining the ordinary resources of the bank, most of which are in the form of callable capital, rather than the FSO whose capital is all paid-up.

Notional

In September the U.S. share of the IDB's Ordinary capital stood at $4,647m, or 35 per cent of the total. This margain maintained the veto Washington has traditionally been able to exercise over concessionary lending through the FSO. It is a weapon that was used frequently during the Carter era to back up complaints over human rights abuses, notably towards Chile. On the other hand no such veto rights operates over ordinary lending, where loans have in recent years regularly gone through against U.S. wishes.

The IDB has lent $69m for the building of an irrigation system at Tomatlan in the Mexican state of Jalisco where labourers work on the completion of a canal

American dominance of FSO capital is even greater than in the Bank's mainstream sector. At the end of the last fiscal year it came to a notional $4,270m, 56 per cent of the total, including amounts awaiting Congressional approval.

Congressional foot-dragging towards aid appropriation requests is notorious, as is its habit of reducing the request by an arbitrary amount, such as 10 per cent to express opposition to the principles involved.

By this year accumulated deficits from previous appropriations had come to $150.28m for the FSO and $99.28m for the IDB proper, according to the annual report of the International Development Co-ordination Agency, the umbrella body set up by President Carter.

The IDB's Fifth Replenishment, beginning in 1979, came into effect 18 months late because of delays by the U.S. Congress. The knock-on effect is equally serious.

The shortfall from previous U.S. pledges is represented each year by the Administration to Congress, and usually made up in time. The Reagan Administration is expected to meet past commitments. Future pledges are a different matter, requiring a basic decision on whether the U.S. will maintain its leverage over the IDB's activities through its capital share. No decision seems near, but the feeling in Washington is that the maintenance of its veto is unlikely to prove sacrosanct.

Meanwhile Reagan officials are expected to use all their influence to reverse a number of trends in development policy towards Latin America. At the broadest level, aid will clearly be used much more as an instrument of short-term foreign policy, to reward friends and punish enemies of the U.S. or countries "soft on communism." More specifically, Carter's concern with population control and other social programmes is unlikely to be maintained. Industry and major infrastructure projects providing rich picking for U.S. firms seem likely to replace the previous trend in favour of agriculture and fisheries.

Andrew Whitley

Special fund comes under pressure

A CHILLY WIND circulating the corridors of the new Reagan administration is likely to cause serious damage to the Fund for Special Operations, the concessionary loan programme of the Inter-American Development Bank. If the new Washington economists have their way, U.S. contributions to the FSO will have all but dried up by the time Mr Reagan runs for his second term in office.

The Fund for Special Operations was set up by the Bank's founders as a separate, concessional facility to lend money at 0 to 4 per cent interest, often with five-year grace periods and 25- to 40-year maturities. Charged with funding projects which were considered beyond the scope of international financing, the FSO has backed more than 600 such projects, concentrating on the health care, sanitation and small-scale agricultural needs of its poorest members. The FSO has lent a total of more than $7bn since 1971—about 25 per cent of the total lending by the Bank. The fund's capital resources, provided by members' subscriptions, now top $7bn.

Troublesome

It is the replenishment of these subscriptions that is proving increasingly troublesome for the Bank. Under the Bank's fourth replenishment programme—which called for higher contributions to be paid by all members by 1979—the U.S. neglected to allocate $150m of its subscription to the FSO and is still $125m in arrears. The U.S. holds just over one-third of the voting shares of the Bank and also contributes a third of the capital resources of the bank. However as 92.5 per cent of its contributions to the Bank's ordinary capital resources are used as a guarantee fund and not actually paid to the Bank, its directly allocated contributions to the FSO have become a politically charged issue.

Under the Bank's fifth and latest replenishment programme, which was to raise subscriptions to cover lending from 1979-1982, Congress did approve payment of $175m as the first instalment of its FSO. Since then, however, Reagan's budget team has proposed a [illegible] cut in non-military foreign aid for 1982, 26 per cent less than the Carter administration had proposed. The breakdown of these cuts has not yet been determined—they are subject to congressional approval—but officials in Washington have confirmed that funds for concessional lending programmes, after current commitments have been paid, are very likely to be axed.

Further, U.S. officials reckon that when the U.S. does begin to cut its contributions to the FSO, which is some 30 per cent of the total, other non-regional countries will follow suit, chopping off up to another 30 per cent of the fund's resources. Spain and the Netherlands, for example, are already in arrears under the fifth replenishment scheme.

"Clearly the day will dawn when the FSO closes," said a Washington official who has regular dealings with multilateral banks. "Even if Carter had won the last election, this would have been the case."

Aside from the sweeping domestic and foreign budget cuts the Reagan Administration hopes to make, the new economists admit to a distaste for soft loan programmes. This bias stems from their disapproval of direct transfer aid,

CONTINUED ON NEXT PAGE

INTER-AMERICAN DEVELOPMENT BANK V

The key to Ecuador's appeal

ECUADOR HAS had little difficulty in attracting international loans for development projects since it became an oil exporter in 1972; rather the problem has been to keep the foreign debt within bounds. In some senses, the country has been able to combine the best of two worlds. Not only are foreign bankers eager to lend to an OPEC member (albeit the smallest one)—but development banks and agencies still rank Ecuador among the least developed and most deserving nations in Latin America.

Income per capita has risen spectacularly in the last eight years, and is now close to that in neighbouring Colombo and Peru. To foreign experts who believe Ecuador should move up a category in the development scale, government officials argue that the country still needs credit on favourable terms for projects with a low economic rate of return.

The Inter-American Development Bank has approved loans totalling over a billion dollars for Ecuador in the last 20 years. A high proportion has come from the Special Operations Fund, with low interest rates and repayment over a long period. Local counterpart funds are covering some 60 per cent of the financing on projects supported by the IDB, varying from a low percentage for feasibility studies and social programmes to a large share of major energy schemes.

Although Ecuador is a front runner among IDB borrowers the Bank's loans represent less than 5 per cent of the foreign credit to be used this year. It can take up to 18 months for all the red tape leading to a project's approval by the IDB, and then another six months before the first payment is actually made. Often the loan is needed quickly, so a commercial bank is the answer. Even if the terms are tougher.

Catalyst

The IDB prides itself on looking at countries as a whole, and acting as a catalyst in the mobilisation of resources for development. Both bank and government officials play down the role of the IDB in imposing particular policies—Ecuadoreans find the World Bank far more intransigent—but there is no doubt it has had a strong influence, together with the World Bank, in making "integrated rural development" fashionable, and occasionally in shaping individual prospects.

The IDB's priorities, agriculture and energy, match remarkably with those of the Ecuadorean government. Over 60 per cent of IDB financing has gone to these two sectors, which together account for about 90 per cent of Ecuador's exports. Agricultural production has been in the doldrums in recent years, rarely keeping pace with the growth in population and imports of cereals, powdered milk and oilseeds are increasing annually. Government plans to improve productivity and rural living standards focus on selected development areas, ranging from newly settled jungle to densely populated Andean communities.

A loan for $35.2m from the Fund for Special Operations (repayable over 40 years) is financing three quarters of the cost of a multi-faceted rural programme in Western Pichincha, where colonists are already transforming the lowland forest into pasture and cropland. Local roads and marketing centres will help channel produce to Quito more efficiently, while a major offensive to legalise land ownership will give more farmers access to a new line of credit for buying livestock.

The Bank is also supporting colonisation ventures in Southern Ecuador, and the recent border fighting in the Cordillera del Condor has suddenly brought this forgotten backwater into the public eye. The Government aims to increase the population in the region and to improve the intermittent radio and air services that link settlers there with the rest of the country. However, one scheme to import families to the Andean foothills has met such strong opposition from the Shuar Indians who live in the area that it has been put aside for the present, along with the corresponding IDB loan.

Irrigation is one of the crucial elements in raising agricultural yields for Ecuador, and a number of small- and large-scale systems are being financed with IDB credit. The biggest is just getting under way in the Guayas Basin, which produces most of the country's rise, as well as nearly half its main export crops — cocoa, coffee and bananas.

For the first stage of the project $165m is being loaned by the IDB ($70m on special terms), and the total cost will probably go well over $300m. Apart from irrigating up to 100,000 hectares and controlling annual floods, the scheme will provide drinking water for Guayaquil and surrounding cities and a major power plant is also to be built.

Though the IDB is increasing its support for agriculture, projects in this sector provide permanent headaches for both government and bank representatives. Coming up with local funds is difficult enough, but even more frustrating is the *inefficiency of the adminstering* institutions.

Forfeited

For instance, one programme to control foot and mouth disease ($5m from the IDB) and another for agricultural research ($11m IDB loan) have over-run initial and extended deadlines for the use of funds. Successive reorganisations of the Ministry of Agriculture and a big turnover in personnel have virtually brought the projects to a halt, and a large part of the IDB funds will almost certainly have to be forfeited.

In contrast, IDB missions report it is a relief to work with INECEL, the electricity institute. Though INECEL'S biggest undertaking, a hydro-electric scheme on the River Paute, has been put back by a huge landslide which destroyed 300 metres of road, the institute is using most of its credit according to schedule.

The IDB has approved loans totalling $100m for Paute and another $100m is in the pipeline. The first stage (500,000 kilowatts) was due to be ready in late 1982 but the combination of the landslide and spiralling labour and materials costs will delay the inauguration date.

One of the reasons for INECEL's greater efficiency, says an Ecuadorean economist, is that such a large share of energy investment must be met by commercial loans, which have to be repaid on time if a big increase in costs is to be avoided.

At the other end of the scale the IDB has begun to finance small schemes up to $500,000. Aid and charity groups working at this level in Ecuador say there is already too much money chasing too few well thought-out projects, and the Bank's decision to "compete" is a mistake. However, by channelling funds through organisations with more experience in this field, the IDB hopes to ensure that loans reach people who really need them and do not have access to other forms of credit. In some cases the Bank can play an extra role: by providing technical expertise and, for example, enabling a furniture-making co-operative to contact a group with similar wood-drying problems in Costa Rica.

Ecuador is successful in attracting IDB (and especially Special Fund) resources partly because so many of the Government's programmes contain exactly the "social" element the Bank is looking for. In other words, though Ecuador's voting rights amount to less than 1 per cent, the Bank's policies are a good reflection of current plans for social and economic reforms. Consequently, Government officials are especially worried about any trimming of credit expansion the U.S. may force on the IDB.

Sarita Kendall

Improved strains of potato, developed at the Ecuadorean National Institute of Agricultural Research, which is partially funded by the IDB, have given bumper crops. José Ramón Tubón, a small farmer at Santa Rita la Merced, Tugurahua, Ecuador, brings in the harvest

Special fund

CONTINUED FROM PREVIOUS PAGE

which they claim raises expectations with one-shot cash injections and creates chaos when it is withdrawn. The new Administration would rather that the IDB and its counterparts evolve into a role more similar to that of investment banker for the region by developing and supporting more projects that private banks would want to finance.

IDB officials swiftly point out, however, that the FSO has been aimed at those projects with slow financial returns but which, in turn, bring poorer sectors of the region into the mainstream of economic and social development. Projects such as the small farm and dairy expansion in Paraguay, or a sewage system in Guatemala, are not commercially attractive to private banks, but are necessary to bring an area up to a level where it can begin to seek financing on commercial terms.

Philosophical considerations aside, the IDB recognises that the U.S. also sees Latin America as a less politically pressing and, indeed, less economically deprived region when compared to parts of Africa and Asia. In response, the Bank says that population growth in Latin America is much faster than that of most third world countries and it is projected virtually to double in the next 25 years. The Bank also points out that a region on the road to a more developed status is increasingly vulnerable to the rising costs of fuel and manufactured goods.

Mr. Bernardo Frydman, of the Plans and Programs Section of the Bank, said that a number of Latin American countries need concessionary funds to avoid slipping backwards. He cited the example of Jamaica which, in recent years, has regressed in its development activities. He also pointed to the acute problems of Nicaragua and El Salvador as being the sort of areas where concessionarly loans are vital.

Mr. Frydman says there has been no reduction in the demand for concessionary loans, but since the FSO is "at the risk of the political wheel," the Bank has begun cutting down the proportion of money it lends on soft terms. Last year, the Bank authorised nearly 30 per cent ($824m) of its overall lending on concessionary terms. But by 1982, they plan to cut the share back to 20 per cent of total lending.

In addition, the wealthier members of the Bank—Argentina, Venezuela, Brazil and Mexico—are no longer eligible for soft loans, while others, such as Chile and Uruguay, no longer borrow concessionary funds in freely convertible currencies. The four wealthiest countries, the Bank's so-called Group A, are now net donors to the Bank's resources and likely to be pressed at the next round of replenishment negotiations to pick up a larger share of FSO funding.

In managing its reduction of FSO lending, the Bank has been steadily shifting the bulk of its concessionary loans to its poorest members. The 10 countries in the Bank's Group D category, which includes such countries as Ecuador, El Salvador, and Paraguay, received 72 per cent of the FSO's lending authorisation for the 1979-1980 period. The Bank says this trend will be further strengthened in its lending this year and next.

Postponement

This month, however, as with almost every April for the past several years, the FSO will run out of funds. This generally means the postponement of projects until the next subscription instalment falls due, but in addition to the $125m owed by the U.S., Spain and the Netherlands are behind by some $43m in their payments to the FSO. As a result, a recent Bank report noted that it may be necessary to bolster its resources through a provisional method, such as advanced use of loan recoveries. Bank officials say cancellations of FSO projects are likely if these shortfalls are not made up by October of this year.

To prepare for this possibility, the Bank is considering further restriction of concessionary funds in some countries and perhaps establishing a ceiling. In the longer term, the Bank is considering the possibility of moving away from a strictly concessionary loan programme to one with more flexible lending rates. One to 4 per cent loans were reasonable concessions compared to commercial rates of some 7 per cent when the FSO was set up. But with today's runaway rates, the Bank is giving more thought to firming up some of its soft loans.

"I see the bank growing into a federation of separate windows, adapted to different countries and needs," said one Bank official. These and other possibilities will be thrashed out at the Bank's next replenishment negotiations which begin in 1982.

Bank officials have between now and next year to consider what they will do when the U.S. representative shows up at those negotiations wearing war paint determined to scalp his country's FSO contributions.

C.R.

Latin integration: the crumbling cornerstone

CONSIDER THE IDB as the church of the gospel of development in Latin America. Its creed is economic and social integration. The litany is reaffirmed continuously, and without question, by the Bank's *management and its political* masters from the region. But over the years popular faith in *the religion of integration* has been steadily eroded, reducing the creed to an almost empty formula to which lipservice must be given.

The doldrums which the process of regional integration is in was publicly recognised at last year's annual meeting of the Bank. Far from abandoning the creed, which would seriously undermine the unique character of the IDB, the *Board of Governors proposed* that action in this field should be strengthened. At the same *time it called for a re-examination* of the whole question of integration in Latin America's development. The Bank was asked to consider the best institutional framework to further this goal, including its own role in the process.

Study projects

The full report of the IDB's findings and recommendations should be ready later this year, but in the meantime INTAL, the Buenos Aires-based Institute for Latin American Development, is carrying out a series of study projects to sharpen up the integration process. These range from a much-needed proposal for an intra-Latin American margin of preference to a study on the transport of exports from Eastern Bolivia along the Amazon river system.

A much more pressing issue has been the need to restructure LAFTA, *the 11-nation* Latin American Free Trade Area. Inspired by the example of the European Community in the late 1950s, this largest of the Latin economic groupings died at the end of 1980 when its legal mandate formally expired. It had conspicuously failed to meet its own targets, the latest being to reduce average tariffs on imports from other members by 2.9 per cent a year.

In its place has arisen ALADI, the Association Latinoamericana de Integracion. With the same members as its predecessor, ALADI came into effect last month. It aims to be more pragmatic than the long moribund LAFTA, by allowing bilateral agreements to promote *regional integration rather* than striving to reach accord between countries as politically and economically different as Venezuela and Paraguay or Mexico and Argentina.

Nevertheless, the long-term commitment to the gradual creation of a genuine Latin American common market, first stated in 1967, has been maintained. The doctrine of "continuing the integration process to promote an harmonious and balanced social and economic development of the region" is intact.

ALADI therefore replaces LAFTA as the flag carrier of *Latin integration, but action* is needed as well, to only a slightly lesser extent, to revitalise the *three other economic groupings* in the region. These are the Central American Common *Market* (CACM), the Caribbean Community (CARICOM) and the five Andes countries covered by the Cartagena Agreement.

All three groupings are treading water, waiting for more favourable conditions to emerge, as INTAL's annual report—the Bible of the integration business—makes clear. An "institutional impasse" due to political considerations was the description given of the situation in Central America. In the Caribbean, meanwhile, natural and economic disasters (largely the steep oil price rises) *have apparently* led to a concentration *on* "consolidating and revitalising the *integration movement, by* focusing attention on problems crucial to the development of *the region." In short,* back to square one.

The Andean Pact is furthest ahead in terms of the degree of political commitment to integration programmes. But INTAL rightly points out the lack of private sector involvement in the ambitious schemes drawn up by the five countries to allow each member to specialise in a subsector of a modern manufacturing or process industry, such as vehicles or petrochemicals. The consequence is that in practice little has been achieved in creating a wider market or avoiding unnecessary duplication of *effort.*

One serious drawback, common to nearly all supranational *institutions such as the Pact,* is its lack of muscle to enforce agreed goals or directives. In *this case the Andes countries* have only agreed not to encourage in their territories the production of goods allocated to a neighbour. This, as INTAL notes, "has not been totally effective."

Principle

Part of the responsibility for this lack of progress over what *is one of the founding principles* of the Bank must be borne by the IDB itself. In the past it has considered providing funds on softer terms than its normal lending for projects which genuinely contribute to integration. But this has been rejected on the grounds that the existing soft-loan window, the Fund for Special Operations, could cater to the need. The increasingly stretched FSO has never *actually* entered this field, concentrating instead on the opposite end of the spectrum: the *small,* socially *orientated* projects which would have difficulty in raising commercial *capital.*

More fundamentally, the IDB's attitude towards integration *has always* been governed by the need to tread a delicate middle road between the deep-*rooted fears and objections of* both its donors and its regional members.

It has been caught between the fears of its stronger regional members that opening up their markets would only be to the advantage of the Western multinational com*panies and the worries of the* weaker ones that integration would inherently be to their *disadvantage. The Bank recog*nises that any real progress would have to involve the strengthening of the industrial base of the weaker brethren. Moreover, relying solely on free market forces in determining the location of new industry within a regional grouping would be more likely to lead to the disintegration rather than the integration of the group.

Not surprisingly the IDB has therefore played safe in the past by concentrating on infrastructure projects; many of *which have done little to further* the linking of neighbouring countries. Since 1960 84 per cent of all integration lending has gone on infrastructure, of which *half* was spent on energy—the current preoccupation—and a third on bridges and roads. Only 3 per cent went to industry and virtually nothing to agriculture, the most difficult sector of all to "integrate."

In total the Bank has by now *allocated over* $1.8bn to projects deemed to have "an integration component," but the *figure is misleading as* a guide to progress in this field for a number of reasons:

- Where roads are *concerned* the total cost of the new stretch being financed is included, even where nearly all the prospective traffic is internal.
- Industrial promotion concentrates on creating economies of scale and on building up an export capacity, but there have been few real incentives to *export within the region.*
- *To compensate for structural* handicaps the IADB is increasingly providing pure export credits and balance of payments support of little discernible *benefit to the integration* process.

Evaluation

According to the IDB an "*integration criterion*" *is* usually applied whenever a new project is evaluated. In *practice, however, the Bank's* regional field officers admit that they do not consciously *seek out projects which* might contribute to the process.

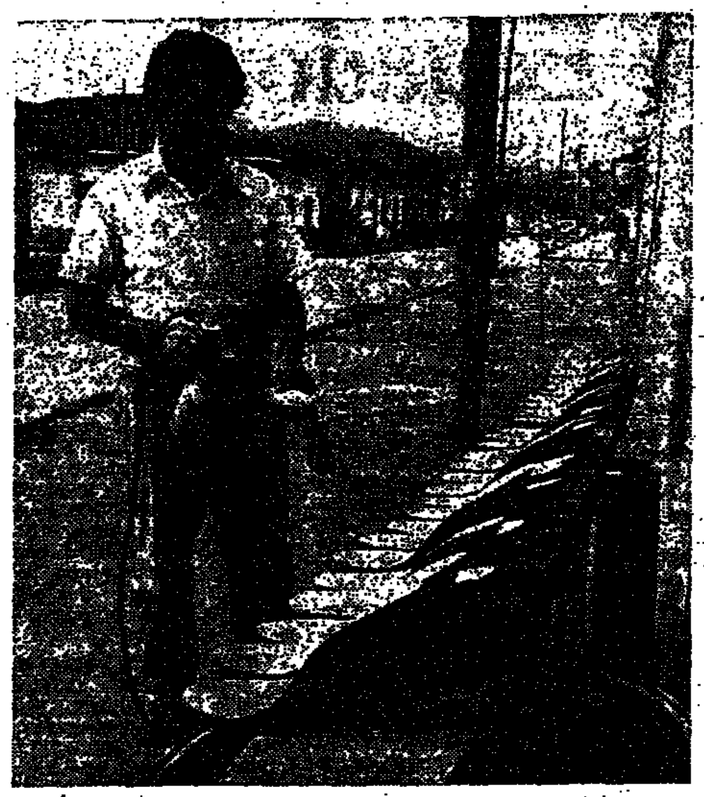
Last year's lending to integra*tion projects dropped to* $23.8m, of which the bulk went to one country, Honduras, for *secondary roads in a forestry reserve.* A further $12.2m in grant aid was allocated to technical cooperation for regional development projects. 1980 may have been an exceptionally low year, but it exemplifies the way in which suitable projects have been drying up as the political momentum in favour of integration slows down.

The *commitment to integra*tion was born, along with the IDB, in more idealistic times, as a practical expression of Latin America's desire to develop as a common entity and deal with the rest of the world on its own terms. The boom in world trade during the 1970s and the growing divergence between the regional countries put paid to self interest as a factor in favour of the process. *Idealism is also in short supply* these days.

The Bank's task now as Richard Fletcher, its deputy manager for integration, said is to keep the coals alive. One good way *to do so is to scale* down the breadth of the groups involved and to devolve respon*sibility increasingly onto sub*regional organisations, such as the multilateral banks set up in Central America or the Andes. These can take the initiative in project selection and come to the IDB for funds if necessary.

Typical of the way ahead was last month's (March 17-20) Caracas meeting of the Andean Development Corporation (CAF), and the IDB at which the bank handed on its experience in the field of integration to the CAF and another nine subregional finance agencies. It may seem small beer but this approach has a better chance of bringing concrete benefits than the past ambitions of emulating the path of the European *Common Market.*

A.W.



Some in the broad range of low income groups that have been helped by the IDB: (above left) a worker in Cali, Colombia, spray paints wooden shoe platforms at a small street workshop; (above right) the widened Inter-American Highway near El Citan in Guatemala; (left) farmers in Guatemala weigh cauliflowers before they are sent off to market; (below) women workers at a U.S.-owned electrical components plant, Port-au-Prince, Haiti

THE MARKETING SCENE

BY MICHAEL THOMPSON-NOEL

L to r: Andy Rork, Nigel Grandfield and Graeme Collins of GRC: billings close to £20m in 18 months, including Tesco

L to r: Robin Wight, Ron Collins, Andrew Rutherford and Peter Scott of WCRS: 'All profits to date spent on people'

ADVERTISING'S OWN NEW WAVE

Agencies: come on in, the outlook's lively

ADVERTISING AGENCIES are talented hot gospellers when it comes to preaching advertising's cause, stressing its value for money and general efficaciousness. But it is only rarely that they venture into print to advertise themselves—so rare, in fact, that the full-page house advertisement for Wight Collins Rutherford Scott seen in this newspaper recently was a collector's item.

It was good, brisk stuff, but then WCRS, which is just two years old, is not known for reticence. The advertisement showed a selection of the colour ads produced by the agency for its clients, and incorporated a powerful batch of testimonials.

Paul Brett, managing director of Portland Holidays, was quoted as saying that WCRS had made a major contribution to Portland's achievement of a 98 per cent load factor in their first year together. Keith Freeman, of Brutus Jeans, said that WCRS was the first agency to have taken a genuine interest in his business, instead of contenting itself with producing clever ads.

And Peter Mostyn, marketing director of Birmid Qualcast, was quoted as saying that with the help of WCRS, the "true mowing superiority" of its Concorde lawnmower had been dramtically communicated. As a result, sales had risen by 28 per cent to consolidate its position as market leader.

According to WCRS, its house ad was a declaration of intent—a signal to the rest of the advertising fraternity that after two years in business, and with £10.5m worth of billings, it has not only "arrived" but is determined to build a reputation not only as a producer of good advertising, but for durability as well.

Fastest-moving

Yet WCRS is only one of almost a dozen new agencies that in the past 18 to 24 months have set up shop, captured handfuls of good business and demonstrated that the advertising business is just what it always was: a near-perfect vehicle for entrepreneurship and talent.

According to some observers, the rate of agency births in recent times outstrips that of any comparable period in memory, and this at a time of economic depression and a downturn in advertising—not a severe downturn, to be sure, but a downturn all the same.

In the past 18 months, at least seven new agencies have sprung into being, including the fastest-moving one of all, Grandfield Rork Collins. Others include Gold Greenlees Trott, Waldron Allen Henry and Thompson, Leagas Delaney, and Lindsey Dale.

According to Winston Fletcher, managing director of the Fletcher Shelton Delaney agency and one of advertising's most perceptive souls, this surge of activity is no mere coincidence.

In his view, the single most significant force at work has been the simultaneous growth of media-buying independents and the decline in client companies' real profits.

The rate of agency births in recent times is said to have outstripped that of any comparable period in memory, despite the depression and the downturn in advertising.

He says the growth and increasing capability of independent media brokers has made it much easier to form a new agency than hitherto—that it can be done with fewer staff, fewer accounting problems, a smaller cash flow and fewer risks. He says more than half the new agencies have "piggy-banked" their launches on the shoulders of the media brokers, as did WRCS two years ago.

At the same time, the recession has convinced a small but growing number of big advertisers that they must seek to cut their advertising costs, either by by-passing the traditional agency commission system or by increasing their advertising's effectiveness perceptibly in the short term.

"For those clients seeking to increase their advertising effectiveness in the short term," says Mr. Fletcher, "the novitiates offer the conventional young agency proposition—the total personal involvement of the partners, unencumbered by round-the-clock organisational problems and administrative procedures."

Probably every agency ever born has made the same promise, he says. "It is as corny as an old detergent ad. Yet it always works—because it is true."

This was certainly the promise held out by Wight Collins Rutherford Scott at the time of its formation two years ago, and one it says it has justified. The birth of WCRS was accompanied by all sorts of hoop-la, the agency laying great emphasis on the fact that it boasted three creative partners out of four—the "Superstars," they called themselves.

WCRS put on £5m worth of business in its first nine months, paused for breath for another nine months, and has put on another £5m since approximately last September. "By the end of our third year we hope to be billing around £15m," says director Robin Wight, "but no more. We are determined to absorb the business we have, which is why all profits to date have been spent on people."

It now has a staff of 35, and has appointed a planning and research director (Sue Tolworthy, ex-Benton & Bowles) and a media director (Stephen White, ex-McCann) to the Board.

In addition to Portland, Brutus and Birmid, other clients include BMW, Chefaro Proprietaries, Candy Domestic Appliances and Standard Brands.

"We've kept the original concept very pure," says Mr. Wight. "Our clients are not dealing with a front man, but with a team that includes at least three directors. The days of Pavlovian marketing response are gone. New agencies and new ideas are being embraced by even the biggest clients."

Eager arms

That is undoubtedly true of Tesco, which recently switched its £9.5m account away from one of the biggest agencies, McCann-Erickson, and into the eager arms of Grandfield Rork Collins, formed 18 months ago by three ex-McCann men, Nigel Grandfield (formerly chairman of McCann), Andy Rork and Graeme Collins.

Other clients include Spar (£1.5m), RAC (£500,000), Alberto Culver (well over £2m), Marshall Ward (£1.4m), Pork Farms (£600,000) and Birds Eye, so that together with Tesco, an account won in the face of competition from much bigger rivals, GRC's billings are now virtually £20m.

The agency now has its own media director, a staff of 50 (the figure is rising: 25 alone will work exclusively on Tesco) and 12,000 sq ft of office space.

"When you govern your own destinies, you have far more time in which to put your ideals into practice," says Mr. Rork. "At McCann, around a third of my time was spent on 'international co-ordination' and other nebulous concerns. Involvement in a client's affairs is not dependent on size of agency, as witnessed by Allen Brady & Marsh, which is large but also extremely involved with its clients. It depends on one thing only: the time you spend on them."

It is the belief of the biggest agencies, like Saatchi & Saatchi Garland-Compton, that the agency scene is a deal sight more resilient, stable and broadly-based than it is often given credit for. But there are conflicting influences at work.

A year ago, in a survey for the Institute of Practitioners in Advertising, John Madell of the Boase Massimi Pollitt agency contrasted the agency scene of 1972 with that of 1978.

Although he agreed with Saatchi on the remarkable stability of the top agencies, he nevertheless discovered that the market share of the largest agencies had fallen. In 1972, Britain's top 10 agencies handled an estimated 45 per cent of all advertising display expenditure. In 1978, the total was down to 37 per cent. The overall decline for the top 20 agencies as a whole was from two-thirds of display expenditure in 1972 to a little over a half six years later.

A good share of the loss, he found, was accounted for by the emergence of independent media-buying shops, which in 1979 alone were handling an estimated £150m worth of billings, or 12 per cent of the display total.

The crucial relationship between the media independents and the wave of new advertising agencies now making their presence felt has already been established. It would be easy to assume that the impact of the new agencies, bolstered by periodic coups like Tesco, indicates a rough ride ahead for the big battalions. It would also be wrong. But that advertising is an extraordinarily lucrative haven for entrepreneurship and talent has never been so evident as it is today.

Y & R TAKES TOP SPOT

U.S. majors' income and billing improves by 14%

THAT THERE are opportunities galore for the new breed of advertising agency is as clear on this side of the Atlantic (see story left) as in New York. Yet in the U.S., as in Britain, the Goliaths of the trade are still flush with growth.

According to the latest survey of U.S. agencies by Advertising Age, the U.S. advertising business set more records last year, with 791 agencies registering a combined gross income of \$4.67bn on worldwide billings of \$31.8bn, an increase in income and billings over 1979 of 14 per cent.

A significant aspect of the survey, says AdAge, was Young *and Rubicam's wresting of the* gross income crown from long-time holder J. Walter Thompson, though the position is muddied, as ever.

In broad terms, Y&R took the top spot, with gross income last year of \$341m on billings of \$2.27bn, against JWT's \$323m on billings of \$2.14bn. But if the JWT Group figure is reworked to take account of other income, including a part-year's results at Hill & Knowlton and Euro-Advertising, says AdAge, JWT emerges with gross income of \$360m on international billings of \$2.38bn.

Next in order of prominence are McCann-Erickson (part of Interpublic) whose gross income last year was \$269m: Ogilvy & *Mather \$246m; Ted Bates* \$211m; BBDO International \$176m, and Leo Burnett \$170m.

The survey shows that 11 U.S.-owned agencies now have international billings worth in excess of \$1bn.

Meantime, an alteration in the basis of the partnership between N. W. Ayer in New York and Charles Barker in London has been announced. Ayer is buying Barker's half-share interest in nine agencies in Europe, Canada and the Pacific, and assuming full responsibility for future investment and operational costs.

Charles Barker chairman Julian Wellesley denies the move represents a U-turn for Barker's international ambitions, but agrees it will have a "beneficial effect financially" for Barker in 1982. (Last year's *profits are not yet available; in* 1979, Barker's group pre-tax profit was £1.15m.)

They will retain the minority shareholding each has in the other, providing Ayer with an operational base in the UK via Ayer Barker, and an interest *for* Barker in the U.S. together with "operational access to partner agencies worldwide."

According to Charles Barker: "Existing, and future, international business will continue to be handled exactly as hitherto."

Over the past 18 months, says Mr. Wellesley, it had become clear that Ayer needed to increase the scale and pace of its international investment to a degree that Barker itself could *justify neither in investment* terms nor in terms of UK business likely to result.

He said Charles Barker would now be able to look more actively at opportunities for strengthening its UK interests.

Etcetera

THE SPENDING power and savings habits of the affluent middle-aged have recently gripped the *attention of marketing* men everywhere, with Dr. Stephan Buck, of AGB Research, claiming that recent economic trends have moved heavily against both the teenage and young married markets.

Yet the spending power of teenagers is still considerable, as borne out by a new report from Mintel, The Teenage Market, 1981.

According to Mintel, the spending power of British teenagers in 1980 was more than £2.3bn—of which £152m was spent on confectionery, £99m on alcoholic drink, £94m on cigarettes, £71m on soft drinks and £57m on crisps and snacks. They spent an estimated £315m on clothes, and £146m on tapes and records.

The report covers details of teenage population, demographic and social trends, teenage savings, shopping and leisure habits, and the influence advertising has on teenage spending.

Average teenage earnings, as distinct from pocket money and gifts, range from 75p a week for 11-year-olds to £4.35 a week *for 14-year-olds to £22.92 for* 17-year-olds, says Mintel. Nearly a fifth of all 17-year-olds, it says, earn more than £40 a week.

"Shops which have been successful in winning the confidence of teenagers," it says, "seem to be those that provide variety and information without being oppressively helpful."

THE International Chamber of Commerce has been asked by the UK Advertising Association to draw up international guidelines on regulating advertising to children.

SMITHS FOOD GROUP has appointed Abbott Mead Vickers/SMS to handle its crisps and *Square Crisps* business. The account, formerly with Dorland, could be worth £1m this year.

LOMBARD

Justice must be seen to be done

BY RAYMOND HUGHES

RECOMMENDATIONS published last week for reform of the archaic practices of the Chancery Division of the High Court are long overdue and much to be welcomed.

As the Lord Chancellor has said, the reforms would mean quicker, cheaper and more accessible justice. Nobody will complain about that.

Unfortunately, tucked away in the middle of the report of the two-man review body is one highly retrograde and undesirable proposal. It is that ex-parte applications, in which one party to an action seeks a temporary injunction in the absence of the other, which, from time immemorial, have been heard in public in Chancery, should in future be in private.

The argument in favour of such a change, says the report, is stronger than the mere desirability of harmonising Chancery procedures with those in the Queen's Bench Division, where such applications are heard in chambers.

"The reading of the evidence in open court inevitably means that, in any sensational case, one side . . . receives newspaper publicity without there being any opportunity for the other side to challenge or refute it."

No evidence

True enough. But where is the evidence that in all the years that this has happened any party has been damaged by it? The report does not deign to offer any—indeed, it does not even suggest that such damage has been, or may be, caused. It merely states that, though there is a contrary argument that "it is in general undesirable that justice should be dispensed behind closed doors, we find the arguments in favour of hearings in chambers persuasive."

The report overlooks the fact that ex-parte injunctions are granted for only a very few days, and that the other party can come to court at any time to try to have the order discharged. It is also an inescapable fact that, in any court proceedings, the plaintiff's case is heard, and publicised, first, possibly days or even weeks before the defendant gets the chance to get publicity for his side.

Furthermore, it is far from uncommon for the other side to turn up at an ex-parte hearing. Although technically they have no locus standi, and can apply to have an injunction discharged only after it has been granted, in practice the judges sensibly allow them to be heard before deciding what, if any, order to make.

In some instances such hearings dispose of the whole dispute between the parties. Are they to be dealt with behind closed doors—simply because, technically, they are ex-partes?

The report rightly observes that judges have the power to close a court to the public where the justice of the case demands (a power which, it is instructive to note, is rarely used). What is wrong with relying on that discretion, rather than adopting a blanket change that will lead quite unnecessarily, to more secret court hearings?

It may seem ungracious to cavil at moves to make the courts more efficient; but efficiency is not the only criterion, and there are already too many examples of attempts to speed up cases leading to a reduction in the openness of our judicial system.

Judges will often read the papers in a case before coming into court, so that counsel do not have to take time fully opening the facts. Counsel reading out evidence are often told by the judge, "I've read that," with the result that not all evidence is made public.

Recently a judge hearing a committal application against two company directors read all the evidence to himself, giving the Press and public no opportunity to know the detailed grounds upon which it was sought to have the two men jailed.

Risk

Quick, certainly; efficient undeniably; but—justice being seen to be done?

Add to all this the effect of the Court of Appeal's ruling in the Harriet Harman contempt case, which has made solicitors extremely reluctant to show journalists any papers—not just the very limited category of documents with which the Harman case was concerned, but even public documents such as writs and affidavits—and it is clear that the openness of British justice is seriously at risk.

Confusion about commercial agents

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

ASKED to define one of the more nebulous economic concepts, Keynes is reported to have said: "I cannot define an elephant, but I recognise one when I see it."

The European Court seemed to be following this precept when answering, in November 1978, in the Somafer* case a request for the definition of "a branch, agency or other establishment." But the easy way out did not dispose of the question. It cropped up again, in the same connection: what attributes are required in a local representative of a foreign company to enable that foreign company to be sued in the local courts.

The reference to the European Court should have suggested that "foreign" and "local" refer to different member States of the Community which have ratified the 1968 Convention on Jurisdiction and the Enforcement of Civil and Commercial Judgments.

There are two reasons why the latest ruling ** of the European Court, handed down on March 18, is of interest.

First, the UK has signed a Convention on the accession of the new member States to the 1968 Convention, and a Bill for its ratification is ready—waiting for allocation of parliamentary time.

The second reason is, of course, the familiar confusion about the meaning of the terms "agents" and "distributors," arising as soon as the English Channel is crossed in either direction.

The European Court's latest ruling was made in answer to a question from the German Supreme Court (BGH) and is related to the defintion of a commercial agent in the German Commercial Code. Section 84 of this code defines the commercial agent as a self-employed tradesman who has continuing authority to negotiate and conclude business deals on behalf, or in the name of, another entrepreneur. Self-employed, according to this section, refers to someone who is essentially free to organise his activities and his working time.

The general rule of the 1968 Convention is that actions in civil and commercial matters should normally be brought in the courts of the defendant's place of residence. From this basic rule there are several exceptions. According to Article 5/5, any defendant domiciled in a contracting state may be sued in another contracting state "in disputes concerning the way a firm's branch, agency or other establishment conducts its business." Such disputes may be brought in the court of the locality in which such an establishment is situated.

The question referred by the BGH to Luxembourg aimed at discovering the correct relationship between the provisions of Section 84 and Article 5/5 of the convention: was the commercial agent, as defined in the German statute, the same as "branch, agency or other establishment," in Article 5/5?

Lest someone might think that the BGH could have used its own ingenuity to solve this problem, it is necessary to add that in Somafer, the European Court reserved for itself the interpretation of the concepts of Article 5/5.

The BGH was prompted to ask this question by a dispute between a Belgian furniture manufacturer, Blanckaert and Willems, and Frau Luise Trost, a commercial agent in Aachen, Germany. Since 1960 the Belgian manufacturer had been represented in Germany by the furniture agency Hermann Bey, whose task it was to create for Blanckaert a distribution network in Germany.

As part of this operation, Bey concluded an agency agreement for certain specified regions with Frau Trost. In the letter confirming this agreement, Bey asked for all orders to be sent to his address in Aachen, adding "please understand this correctly, I cannot be answerable to you without being informed about every order." The effect of this arrangement was that the manufacturer was receiving the orders through Bey, to whom he paid a "super-commission."

In 1976 Blanckaert terminated the agency agreement with Frau Trost and soon afterwards the agreement with Bey, because Bey also represented other furniture manufacturers. Frau Trost then sued Blackarert for commission and compensation due to her on termination of the agreement under German law, and she took her case to the court in Aachen where, as she claimed, the Belgian manufacturers had an agency or branch establishment, namely Bey.

The Aachen court did not agree, and declared that it had no jurisdiction over this dispute. The Appeal Court in Cologne, however, agreed that she could sue in Aachen. On further appeal the BGH confirmed the view of the Cologne Appeal Court that both Bey and Frau Trost operated for Blanckaert as self-employed commercial agents in the meaning of section 84/1 of the German Commercial Code, but held that the question whether such an agency fell under the special jurisdiction provided for in Article 5/5 of the 1968 Convention had not yet been decided by the European Court, which must, therefore, be asked for a ruling.

The European Court had already decided in De Bloos† that one of the characteristics of an agency or branch establishment is that it is subject to control and direction by headquarters. In the Somafer case the court tried to improve on this by giving the Keynes answer: "the concept of branch, agency or other establishment implies a place where business is carried on and which has the appearance of permanency . . ."

The present reference had shown that this was not enough. The BGH would not be satisfied with such a subjective approach.

The European Court pondered, therefore, the features of a branch or local establishment of a foreign firm, which make it easily recognisable as such. It took Section 84/1 of the German Commercial Code as its starting point. This requires that, essentially, the commercial agent should be able to decide freely about his activities and working time. It follows that there is to be no subordination of the agent to headquarters.

This is particularly evident, reasoned the court, when the agent is entitled to represent several manufacturers so that the activities for which any of these manufacturers may give guidance or direction are strictly limited, as must be the case when the represented manufacturers compete with each other.

Another important yardstick for determining whether the agent is or is not a branch establishment is the degree in which he participates not only in getting orders, but also in their execution. If he only sells and transmits the orders to the manufacturer without taking part in their execution, this, too, would detract from the image of a branch establishment.

The court concluded that the combination of the three characteristics—freedom to organise his work and time, freedom to represent other competing manufacturers, and non-participation in the execution of orders—amounted to a picture of a commercial agent or representative which did not fall within the category of the branch, agency or other establishment in the meaning of Article 5/5 of the 1968 Convention. Consequently, Frau Trost will have to take her claim to a Belgian court.

* Case 33/78.

** Blanckaert, Case 139/80.

† Case 14/76 of 6/10/76.

Grand Cru to win the Topham

RACING

BY DOMINIC WIGAN

ONLY WAGNER came out at yesterday's final-declaration date for the Topham Trophy and so 18 will line up for this afternoon's renewal of Aintree's historic chase.

Although it is a predictably open event I suspect a late run on Grand Cru may see the sole Irish representative being sent off a firm favourite at odds of about 9-2. Eddie O'Grady's 11-year-old should be better served than most by this searching 2¾-mile test, and further rain will enhance his prospects.

The half-length runner up to Harwell Abbey in last season's Benson and Hedges Chase at Fairyhouse, Grand Cru ran poorly in the first class of the current campaign. But he has shown signs of coming back to form of late.

Last time he was third behind Wagoner's Walk and Hard Outlook, in Cheltenham's Kim Muir Memorial Challenge Cup. O'Grady's charge thus looks to represent the safest each-way value, in a race in which surefootedness will as always be a key factor.

The big chase sees Topham's giving £200 to the winning trainer and £100 to the successful rider, in addition to nearly £6,000 in added prize money.

Thirty-five minutes before the chase it will be interesting to see if Derek Kent can again lift the Knowsley Novices Hurdle. A year ago Jugador did the trick for him and this time he is represented by an equally "live hope" in Grey Mate. Chasing a fourth consecutive victory, the New Zealand-bred Grey Mate will go well without perhaps proving good enough to cope with Burns.

This five-year-old from Special Cargo's stable looked a formidable hurdler-in-the-making before coming to grief at Warwick on his most recent appearance.

Strictly on the form-book, Jugador should not cope with Gay George in the Holiday Inn Hurdle for he is a pound worse-off than when the pair were involved in a photo-finish at Wincanton recently. However, Jugador has proved his liking for this track and he is my selection.

LIVERPOOL

2.00—Burns**
2.35—Grand Cru
3.10—Moonlight Express***
3.45—Jugador*
4.30—Mauritius
4.50—Fairy King

TV/Radio

†Indicates programme in black and white

BBC 1

6.40-8.10 am Open University (Ultra high frequency only). 9.00 For Schools, Colleges. 12.42 pm Regional News for England (except London). 12.45 News. 1.00 Pebble Mill at One. 1.45 Bod. 2.15 For Schools, Colleges. 3.00 Claire Rayner's Casebook. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Winsome Witch. 4.25 Jackanory. 4.40 Scooby and Scrappy Dood. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 Fred Basset.

5.40 News.
5.55 Regional News Magazines and Nationwide.
6.20 Nationwide.
6.55 Tomorrow's World.
7.20 Top of the Pops.
8.00 Hi-De-Hi!
8.30 Sorry.
9.00 News.
9.25 A Spy at Evening.
10.15 Question Time with Robert McKenzie.
11.18 News Headlines.
11.20 Kojak.

All Regions as BBC 1 except as follows:

Cymru/Wales—10.10-10.35 am I Ysgolion: Hwnt Ac Yma. 2.15-2.40 I Ysgolion: Ffenestri. 5.55-6.20 Wales Today. 6.55-7.20 Heddiw. 12.10 am News and Weather for Wales.

Scotland—10.10-10.30 am For Schools (around Scotland). 12.40-12.45 pm The Scottish News. 3.25-3.55 The Afternoon Show. 5.55-6.20 Reporting Scotland. 8.30-9.00 The Current Account Report. 12.10 am News and Weather for Scotland.

Northern Ireland — 11.30-11.50 am For Schools (Ulster in Focus). 3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Sportsweek. 10.45 Kojak. 11.35 Question Time. 12.35 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Nationwide (London and South East); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School (As BBC 1 3.55 pm).
2.20 pm Racing from Aintree.
4.50 Open University.
6.55 Monkey.
7.35 Mid-Evening News.
7.45 The Jews of Leeds.
8.15 In Search of Ethelred the Unready.
9.00 The Little World of Don Camillo.
9.30 Man Alive.
10.20 Jazz on a Bright Summer's Day.
10.45 Newsnight.

LONDON

9.30 am Schools Programmes. 12.00 Gideon. 12.10 pm Stepping Stones. 12.30 The Sullivans. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Together. 2.00 After Noon Plus. 2.45 The Racing Game. 3.45 Leave It To Charlie. 4.15 Dr. Snuggles. 4.20 Little House On The Prairie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.25 pm Help.
6.35 Battlestar Galactica.
7.30 Bognor.
8.00 The Morecambe and Wise Show.
8.30 TV Eye.
9.00 Hill Street Blues.
10.00 News.
10.30 Thames Report.
11.00 Camera: Moving Pictures.
11.30 Three's Company.
12.00 What The Papers Say.
12.15 am Close: "Sit Up And Listen" with Lord Rawlinson of Ewell.

All IBA Regions as London except at the following times:—

ANGLIA

1.20 pm Anglia News. 4.20 Salvage. 6.00 About Anglia. 6.20 Arena. 6.35 Crossroads. 7.00 Benson. 10.30 Peterborough Festival of Country Music. 11.30 Quincy. 12.25 am The Living Word.

ATV

1.20 pm ATV News. 3.45 The Stationary Ark. 4.20 Vicky The Viking. 4.50 Little House On The Prairie. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 Emmerdale Farm. 10.30 Contrasts. 11.30 ATV News. 11.35 Lou Grant.

BORDER

1.20 pm Border News. 5.15 The New Fred and Barney Show. 6.00 Lookaround Thursday. 6.35 Crossroads. 7.00 Emmerdale Farm. 10.30 Close Encounters. 11.15 Camera. 11.45 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News. What's On Where and Weather. 6.00 Channel Report. 6.35 Crossroads. 7.00 Channel Islands Airways. 10.28 Channel Late News. 10.35 The Jazz Series (Ronnie Scott Quartet/Buddy de Franco/Terry Gibbs). 11.05 Camera—Moving Pictures. 11.35 News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 5.10 Police News. 6.00 North Tonight. 6.35 Crossroads. 7.00 The Electric Theatre Show. 10.30 Soap. 11.30 The London Nobody Knows. 12.15 am North Headlines.

GRANADA

1.20 pm Granada Reports. 4.20 Movie Matinee: "The Lone Ranger and the Lost City of Gold." 6.00 Granada Reports. 6.25 This Is Your Right. 6.30 Crossroads. 7.00 Emmerdale Farm. 10.30 Celebration. 11.30 What The Papers Say. 11.50 Paris.

HTV

1.20 pm HTV News. 5.10 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.30 Happy Days. 7.00 Emmerdale Farm. 10.28 HTV News. 10.35 The Basque Country. 11.30 S.W.A.T.

HTV Cymru/Wales—As HTV West except:—9.30-9.50 am About Wales. 12.00-12.10 pm Owain A'r Olion. 4.15 Brendon Chase. 4.45 Ser. 5.15-5.20 Snow White. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Sports Arena.

SCOTTISH

1.20 pm News Headlines and Road and Weather Report. 3.45 Life Begins at Forty. 4.20 Unaccustomed As I Am. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Action Line. 6.30 Nature Watch. 7.00 Emmerdale Farm. 10.30 The Jazz Series—Ronnie Scott Quartet, The Stan Tracey Octet. 11.30 Late Call. 11.35 Tenspeed and Brown Shoe.

SOUTHERN

1.20 pm Southern News. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day By Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 10.30 People Rule! 11.30 Father Dear Father.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News and Lookaround. 3.45 Father, Dear Father. 4.20 The Fantastic Four. 4.45 Tarzan. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North East News. 10.32 Beyond Westworld. 11.30 Soap. 12.00 The Family Prayer.

ULSTER

1.20 pm Lunchtime. 3.45 Life Begins at Forty. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.50 Police Six. 7.00 Emmerdale Farm. 10.29 Ulster Weather. 10.30 Counterpoint. 11.30 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary. 6.35 Crossroads. 7.00 City Under Fire. 10.32 Westward Late News. 10.35 The Jazz Series (Ronnie Scott Quartet/Buddy de Franco/Terry Gibbs). 11.35 Faith For Life. 11.40 West Country Weather, Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 4.20 Jason of Star Command. 4.45 Little House On The Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Crossroads. 7.00 Emmerdale Farm. 10.30 With a Little Help. 11.30 George Hamilton IV.

Radio Wavelengths

1	1053kHz/285m, 1089kHz/275m
2	693kHz/433m, 909kHz/330m & 88-91vhf stereo
3	1215kHz/247m & 90-92.5vhf stereo
4	200kHz/1500m & 92.95vhf
BBC Radio London:	1458kHz, 206m & 94.9vhf
Capital Radio:	1548kHz, 194m & 95.8vhf
London Broadcasting:	1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
†Medium wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Steve Wright. 4.30 Peter Powell. 7.00 Wheels with Susie Barnes. 8.00 Richard Skinner. 10.00-12.00 John Peel.

RADIO 2

5.00 am Bob Kilbey (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 David Hamilton (S). 2.00 Ed Stewart's Request Show (S) including Racing from Aintree. 4.00 Much More Music with David Symonds (S). 6.00 John Dunn (S). 8.00 Country Club with Wally Whyton (S). 9.00 Alan Dell with The Big Band Sound (S). 9.55 Sports Desk. 10.00 The News Huddlines with Roy Hudd. 10.30 Star Sound Extra. 11.00 Brian Matthew with Round Midnight, including 12.00 News. 2.00-5.00 am You And The Night And The Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (cont.). 9.00 News. 9.05 This Week's Composer: Delius (S). 9.50 Ulsamer-Collegium recital (S). 11.20 BBC Singers (S). 11.50 BBC Symphony Orchestra in Switzerland, Part 1 (S). 1.00 News. 1.05 BBC S.O. concert, part 2 (S). 1.50 Kreuzberger String Quartet (S). 3.45 Haydn and Dutilleux piano recital (S). 4.30 Beethoven's "Missa Solemnis" in Rehearsal (S). 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 Talking About Music (S). 7.30 Radio Theatre 81 (S). 9.00 Cleveland String Quartet (S). 10.00 Patterson (S). 10.30 Words. 10.35 Elgar Conducts Elgar. 11.00 News. 11.05-11.15 Vitezslav Novak (S).

VHF only—Open University: 5.55-6.55 am and 11.15 pm-12.55 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Richard Stilgoe's Grand National Traffic Jam Show. 9.30 The Living World. 10.00 News. 10.02 Enterprise. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 File On 4. 11.50 Enquire Within. 12.00 News. 12.02 pm You And Yours. 12.27 Brain of Britain 1981 (S). 12.55 Weather; Programme News. 1.00 World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 4.00 Fritz Spiegl's Musical Alphabet. 4.15 Bookshelf. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News. 6.30 Any Answers? 6.55 It's A Bargain. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 City of Birmingham Symphony Orchestra concert, part 1 (S). 8.25 A Sideways Look At . . . by Anthony Smith. 8.45 Concert, part 2 (S). 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 11.00 The Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Tony Fish Total Music Show. 2.30 Tony Blackburn. 5.00 News. 5.15 Music on the Move. 6.33 Openings. 7.03 Black Londoners. 8.00 As Radio 1. 10.00 Question Time from The House of Commons. 11.00-5.00 am Join Radio 2.

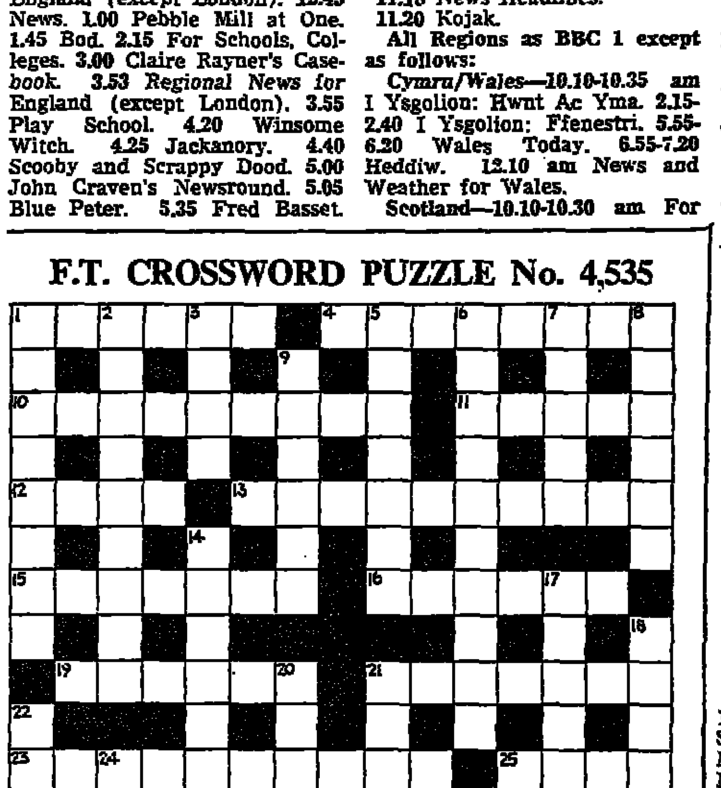
London Broadcasting

6.00 am AM—Douglas Moffitt and Alan Clark. 10.00 Brian Hayes. 7.00 pm London Life. 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 The London Interview. 5.00 Morning Music.

Capital Radio

6.30 am John Sachs's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Nicky Horne. 1.00 First Report. 1.10 Nicky Horne (continued). 3.00 Roger Scott. 7.00 London Tonight with Sarah Ward. 9.00 Peter Young (rock music). 11.00 Tony Myatt's Late Show. 2.00 am Richard Allinson's Night Flight.

F.T. CROSSWORD PUZZLE No. 4,535



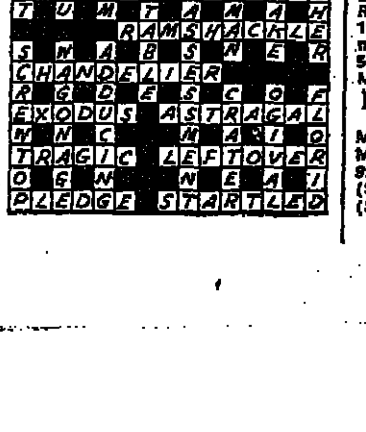
ACROSS

1 Butter, double English, on Billy's chin (6)
4 Just lies about in a kind of sweater (4, 4)
10 One hanging on for a retainer (9)
11 Key personnel raced round (5)
12 Encircling a tree, it's what a dog might do (4)
13 False religious belief risen in Mecca, possibly (10)
15 Promote the riding class (7)
16 Formerly a civil wrong to behave like Shylock (6)
19 T. S. Eliot, twice abridged, causes people to drop off (6)
21 Ring in small setting brings cry of delight (7)
23 Wood-tappers use these derivatives of oxy-phenols (10)
25 Gravity-free network of power-lines (4)
27 Get circus-tent erected — keep spirits up to the mark (3, 2)
28 Rising. Ann's acted strangely (9)
29 & 30 What the papers say? (8, 6)

DOWN

1 Dag, the gallivanter? (8)
2 Vegetable having a well-inverted sugar (9)
3 Hotly-tipped mount though it has not run for years (4)
5 Case for the ambassador's man (7)
6 Playing "The New World"? (10)
7 American saloon to use dancers inside (5)
8 French pupil at noon—or earlier (6)
9 Liable to change (6)
14 "Material for re-cycling"—unproductive essay (5-5)
17 Bang-on-time journalism (9)
18 Bloody sea in Worcestershire? (8)
20 Call up first lady wearing new coat (7)
21 Sorrow of parting architect and church (6)
22 See Rex tee off in Devon (6)
24 Left-over grub coming up—eat greedily (3, 2)
26 Pegs up a bargain (4)

Solution to Puzzle No. 4,534



ENTERTAINMENT GUIDE

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES

For Share Index and Business News Summary, Telephone 246 8026 (number, preceded by the appropriate area code valid for London, Birmingham, Liverpool and Manchester).

THE ARTS

Ivan Karamazov — Leonard Burt

May Fair

The Flying Karamazov Brothers

These brothers are four unrelated talents from America's West Coast who bear no recognisable connection with *Dostoyevsky. They describe* their act as "juggling and cheap theatrics" and, as a long-standing fan of anything remotely acrobatic, my initial enthusiasm was not unexpected. More impressive was the discovery that the enthusiasm was sustained over a full 90 minutes.

The brothers have created an evening of fast moving entertainment, their precarious *juggling stunts intertwined* with verbal gags and the occasional bowler. At times, the pace eases off for mesmeric moments of what they call "discipline," as the smooth white clubs are lobbed between them with a sensuously pleasing plip-plop. Later, the musical potential of the juggler's art is exploited further in a *delightful 5/4 rhythm* piece.

The dramatic highlight of the show involves audience participation. Brother Ivan volunteers to improvise a routine *with any three objects we care* to hurl at him. The poor man was pretty flummoxed to be *landed with an umbrella*, a wellington boot and a dead chicken. But he succeeded heroically, drumsticks flailing, to a standing ovation.

A few members of the RSPCA in the back stalls appeared less than happy about the chicken. Pandemonium was about to break loose in the following act as Brother Dmitri prepared to *demonstrate his skills* with a stuffed bunny and two live pussy cats. The cats were introduced as members of Equity ("eh kitty"—get it?). Equity, as ever, prevailed.

The show builds up to a series of "terror" routines. Juggling is said to be top of the list of evening classes these days. It certainly concentrates the mind wonderfully, especially when the flying objects *comprise* a flaming torch, a bottle of champagne and a Chinese chopper.

ROSALIND CARNE

Wigmore Hall

Tamas Vesmas

by ANDREW CLEMENTS

In three concerts over the next two weeks the Hungarian pianist Tamas Vesmas is presenting a fairly thorough survey of Brahms' piano music. If Tuesday's first recital was a reliable sample he should be a faithful guide: technical problems are unlikely, and he has a solid, well projected tone that matches the music. At times he can lack imagination and favour steady tempi, sometimes also forward impulsion *seems* to desert him. But the texts are rendered cleanly: Brahms without cosmetic *surgery is always* a better composer.

For this listener, who finds *disturbing parallels between* an all-Brahms concert and a long train journey locked in a compartment with *a commonplace* yet loquacious companion, there are definite difficulties in building a programme that *will* hold together yet still suggest variety. The first half of Mr. Vesmas' concert blurred too easily into a continuum of short pieces, with the two Rhapsodies Op. 79 followed by the eight *Klavierstücke Op. 76.* Sharper characterisations would have eased and defined their passage; several times the pianist appeared to be finding a true pace and identity only the final bars.

But the inclusion of the early F sharp minor sonata added piquancy to the evening. It is a splendidly uneven work, and *Mr.* Vesmas played it for every bit of rhetoric he could extract. *At* times it degenerates into a stream of half-assimilated gestures from Beethoven—the Op. 31 sonatas at one point, then Op. 110 and the end of the last movement seems to suggest that Op. 101 is lurking somewhere as a model. The proportions of the movements are all wrong too: the first-movement development is ridiculously short, and the trio dwarfs its scherzo. But there *remains something* lovably human about the work, warts and all; Brahms, for all his *later structural mastery and* coherence, rarely wrote anything so honest.

BASE LENDING RATES

A.B.N. Bank	12 %	■ Hambros Bank	12 %
Allied Irish Bk.	12 %	Heritable & Gen. Trust	12 %
American Express Bk.	12 %	■ Hill Samuel	§12 %
Amro Bank	12 %	C. Hoare & Co.	†12 %
Henry Ansbacher	12 %	Hongkong & Shanghai	12 %
AP Bank Ltd.	12 %	Keyser Ullmann	12 %
■ Arbuthnot Latham	12 %	Knowsley & Co. Ltd.	14 %
Associates Cap. Corp.	12 %	Langris Trust Ltd.	12 %
Banco de Bilbao	12 %	Lloyds Bank	12 %
BCCI	12 %	Mallinhall Limited	12 %
Bank of Cyprus	12 %	Edward Manson & Co.	13 %
Bank of N.S.W.	12 %	Midland Bank	12 %
Banque Belge Ltd.	12 %	■ Samuel Montagu	12 %
Banque du Rhone et de		■ Morgan Grenfell	12 %
■ Brown Shipley	12¼%	National Westminster	12 %
la Tamise S.A.	12½%	Norwich General Trust	12 %
Barclays Bank	12 %	P. S. Refson & Co.	12 %
Beneficial Trust Ltd.	13 %	Rossminster	12 %
Bremar Holdings Ltd.	13 %	Ryl. Bk. Canada (Ldn.)	12 %
Brit. Bank of Mid. East	12 %	Slavenburg's Bank	12 %
Canada Perm't Trust	13 %	E. S. Schwab	13 %
Cayzer Ltd.	12 %	Standard Chartered	‖12 %
Cedar Holdings	12 %	Trade Dev. Bank	12 %
■ Charterhouse Japhet	12 %	Trustee Savings Bank	12 %
Choulartons	12 %	TCB Ltd.	12 %
C. E. Coates	12 %	United Bank of Kuwait	12 %
Consolidated Credits	12 %	Whiteaway Laidlaw	12½%
Co-operative Bank	*12 %	Williams & Glyn's	12 %
Corinthian Secs.	12 %	Wintrust Secs. Ltd.	12 %
The Cyprus Popular Bk.	12 %	Yorkshire Bank	12 %
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E. T. Trust Limited	12 %		
First Nat. Fin. Corp.	14½%		
First Nat. Secs. Ltd.	14½%		
Robert Fraser	12 %		
Antony Gibbs	12 %		
Greyhound Guaranty	12 %		
Grindlays Bank	‡12 %		
■ Guinness Mahon	12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.85%.
† 7-day deposits on sums of £10,000 and under 8%, up to £50,000 9¼%, and over £50,000 10½%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9½%.
‖ 21-day deposits over £1,000 10½%.

Royal Court's 25 years

Devine's brave legacy

by MICHAEL COVENEY

Today is the 25th anniversary of the English Stage Company *at the Royal Court Theatre in* Sloane Square. The most important enterprise in the British theatre of this century was the brainchild of the late George Devine, an astonishing but unglamorous impresario, who wanted a theatre plugged into contemporary society, a theatre of intelligence and commitment.

It was, above all, to be a writers' theatre. Devine first thought that the best way of achieving this was to get proven novelists and literati to write for him. So, the first production, opening on April 2, 1956, was *The Mulberry Bush* by Angus Wilson. The first real shots were fired, however, with the third show, which followed Arthur Miller's *The Crucible* on to the stage in May. The play was *Look Back In Anger*, sent in by *an impecunious actor called* John Osborne in response to an advertisement in *The Stage*. The *rest is history.*

Kenneth Tynan concluded his review of the play with a famous clarion call: "I doubt if I could love anyone who did not wish to see *Look Back in Anger*. It is the best young play of its decade." Jimmy Porter's tirades opened up new vistas of theatrical expression, and paved the way for a new generation of *actors and directors* who would transform not only the theatre, but every aspect of British *entertainment*.

The anniversary production, opening next week, is a new version of *The Seagull* set in the West of Ireland during the demise of the Anglo-Irish estates. Oddly enough, *The Seagull* was the first ESC production I saw. It was at the Queen's Theatre (the Royal Court was closed for six months in 1964 for *repairs) and an unforgettable* cast included George Devine himself, Vanessa Redgrave, Peter Finch, Peggy Ashcroft and Peter McEnery. Later in the same year, in Sloane Square, I saw a brilliantly funny revival of *Waiting For Godot* starring Nicol Williamson and Alfred Lynch.

The theatre seemed to me *perfect. Dating from 1888 and* closed for 12 years after the blitz, it re-opened in 1952. It is a snug Victorian building with intolerably cramped backstage and office facilities. It seats 400 people and combines a "special occasion" quality with great properties of intimacy. Osborne's *A Patriot For Me* and Wesker's *Their Very Own and Golden City*, middle-60s *works of* severely contrasted but equally epic sprawl, were magically contained on its stage. So was an alarmingly huge mud wall that Harry Andrews squirmed up every night during Edward Bond's *Lear*.

Hand in hand with the writing revolution went a new approach to design and lighting. The stage *could be cluttered, but more* often it was boxed in and stripped bare or else, later on, even opened out to the back wall. Devine was the first director who didn't care if the audience saw stage lamps. This *effect would be incorporated* into the overall style. I shall never forget William Gaskill's critically reviled *Macbeth* (1967), starring Alec Guinness and Simone Signoret, which played the tragedy on a sanded floor and in full light. *Christopher Morley's design was to* become a model for the RSC. Peter Gill's *The Duchess of Malfi in 1971 was similarly* exciting and prophetic.

It is too often forgotten that that kind of innovatory classical work emanated from the Court. But the real business was the new writing. The 1950s produced Osborne, Wesker and John Arden, *as well as instigating the* theatre's crucial absorption with Beckett and *Brecht. Devine was a great* matchmaker between writer and director. Osborne had Tony Richardson, Wesker had John Dexter. Both partnerships continued into the 1960s and were joined by those forged between William Gaskill and Edward Bond, Lindsay Anderson and David Storey, Peter Gill and (the rediscovered) D. H. Lawrence, Robert Kidd and Christopher Hampton.

And, all the time, a wonderful body of English actors grew strong and multiplied. The first generation contained the seeds *of the National Theatre: Joan* Plowright Colin Blakely, Robert Stephens, Frank Finlay. Then, in the mid-1960s, came Jack Shepherd, Kenneth Cranham, Richard O'Callaghan, Judy Parfitt, Gillian Martel, Victor Henry . . . the line stretches out to the crack of doom.

The celebrations are marked by the publication next week of *a truly handsome volume, At the Royal Court*, beautifully and discreetly edited, with hundreds of pictures, by Richard Findlater (published by the Amber Lane Press at £12.95). It contains contributions by Osborne, Wesker, Gaskill, Anderson, Olivier and (my favourite) Jack Shepherd. It mixes dutiful reminiscence with *uproarious anecdote. It contains* an indispensable index of productions, complete with cast lists. You get a sense, from every contributor, of the Court being a home, a university, a battlefield, all rolled into one.

Controversy there has always been. For a theatre operating in advance, or rather defiance, of popular taste, and often *scandalously under-subsidised,* the place has always exuded an entrenched atmosphere. Gaskill *tried to ban the critics after* their reception of *Macbeth;* the abolition of the Lord Chamberlain in 1968 did not save Edward Bond from police prosecution; Lindsay Anderson tried to ban critic Hilary Spurling in 1969 because he felt she had nothing constructive to say about David Storey.

But the real problem over the past decade has been the identity of the Royal Court. Once the fringe movement got going, *the old guard, with the notable* exception of William Gaskill, closed ranks against it. In 1969, Gaskill (who had succeeded Devine in 1965) opened the Theatre Upstairs. This is where *The Rocky Horror Show* opened; where Bill Bryden more or less started the Cottesloe company; and where wild, explosive troupes like Portable *and Pip Simmons blew the roof* off. But that is where the new work stayed.

Lindsay Anderson was openly hostile to the fringe generation, and Oscar Lewenstein, a compromise appointment as artistic director in 1972, was willing to *do political plays as long as* they were about the Third World and not England. In *short, the Royal Court lost the* initiative and, despite marvellous Athol Fugard seasons, a persuasive Joe Orton retrospective and the odd aberration (David Hare's *Teeth 'N' Smiles*, Sam Shepard's *The Tooth of Crime*), forfeited all contact with the new energy.

Now, under Max Stafford-Clark (who inherited a *successful holding operation by Stuart* Burge) the theatre, almost anachronistically, has become *aggressively "fringe." Osborne* splutters about "Time Out troglodytes" ruling the roost. The grass is always greener, but one feels nowadays that the Court is competing (and often losing) in the same marketplace as the Warehouse, the Bush, the Hampstead Theatre.

Devine thought he had failed. In an autobiographical *fragment, quoted by Irving Wardle* in his *The Theatres of George Devine*, he said: "I wanted to change the attitude of the public towards the theatre. All I did was to change the attitude of the theatre towards the public." This grim, still applicable, *caveat* in no way detracts from either the miracle of the English Stag Company's survival or the rich patern of its achievement.

The Royal Court Theatre — Leonard Burt

Apollo

I'm Getting My Act Together . . .

As Ben Cross says to Diane Langton just after the interval (I quote for the benefit of those who left): "Look baby, we've got to do something about all this . . . this is opening night and you've got problems." And boy, have they. The formula is basically the same old one about the showbiz heroine, marriage over, manager not interested, who comes steaming through ("trying to define herself" for the audience en route) despite all obviously superable odds. A Woman Alone. Pushing 40. But she can sing. Glory Hallelujah!

The only surprise—or rather big let-down—is that the whole thing is done in rehearsal costume. *Originating from the* Broadway theatre (Joseph Papp's) that gave us A Chorus *Line and all that phoney,* spangled magic, this really is a big disappointment. The cast assemble, exuding a mood of forced informality. The band is centre stage. There are two ugly red pillars, adorned for no very good reason with little lampshades. A huge rubber plant appears to be growing out of the drummer's head.

We are told twice that music is Heather's salvation, singing her celebration. She is running through her act, prior to opening, to see what her manager, Joe, thinks of it. Not very much is the stern reply and a packed house has the *good grace not to shout, in* unison, "Hear, hear." Joe changes his tune—that's not *strictly true, as Ben Cross, who* must immediately qualify as the most under-used star of a *West End musical, has not a* single song to his name—at the end of Act 1. He applauds Heather's "child lunatic" number in which she relates how she kept the marriage going by pretending to be Shirley Temple.

A chorus of two girls and a boy—Greg Martin is very good —chip in from time to time, as do the musicians. But Nancy Ford's music is an agonising *mixture of schmaltzy ballad* and innocuous rock. (Anyone who saw The Who's live concert *from Germany on the TV on* Saturday night knows what real rock and, for that matter, *real theatre, is all about.)* The book and lyrics, by Gretchen Cryer, are abysmal. The whole *bland non-event is designed and* directed by Word Baker. With that material, he shall henceforth be known as Word Butcher.

The one bright spot is Diane Langton as Heather. She acts up a storm, albeit in a teacup, and sings, mostly unmicrophoned, with her accustomed blend of skilful phrasing and rasping heroism. In my book, Miss Langton has been a genuine star for many years, but it is about time she was presented with a vehicle worthy of her talent. As you may have *gathered, this is not it.*

MICHAEL COVENEY

Festival Hall/Radio 3

Mussorgsky by DOMINIC GILL

Modest Mussorgsky died a century ago, three days after Bartok was born, so there is this year another *centenary to* celebrate. (Though Brahms was to live another 16 years, 1881 marks a watershed of peculiar poignancy between the 19th *and 20th centuries:* it was the year of Mussorgsky's death, and also that of Dostoyevsky, Samuel Palmer, Thomas Carlyle and Disraeli; Bartok shared his birth with no less a quartet than Piscasso, Braque, Alexander Fleming and P. G. Wodehouse.)

Tuesday's Mussorgsky centenary celebration by the London Symphony Orchestra and Chorus under Claudio Abbado—the *only* one of London's seasons so far—was as just and comprehensive a tribute as any orchestral and choral concert could be, considering that Mussorgsky wrote exceedingly few original orchestral works, and poured *his genius almost entirely* into opera and solo song.

Few works: and fewer still which survived the well-meaning but emasculating "corrective" hand of Rimsky. The slow-moving Soviet enterprise, *begun in 1931, to publish* a complete *urtext* edition of Mussorgsky is still far from complete; but every new score to emerge shows the extent of Rimsky's alterations and sweetenings. The four orchestral pieces with which Abbado opened his programme, played as a single sequence, were all of them given in their authentic versions—and it was a special delight to hear the real *St. John's Night on Bare Mountain,* so much more powerful and fleshy in its presence than the slick, cosmetic Rimsky score (which was, until 1968, the only *one we knew*).

It was Shostakovich's remarkable achievement in 1962 to orchestrate Mussorgsky's *Songs and Dances of Death* without robbing any measure of its starkness or immediacy. He did not attempt to rewrite or to transform the music: but added only an orchestral shimmer to it, emphasising its depth and its muted colour — the howling wind and the soft sparkle of *snow of "Trepak" are* marvellously, and quite authentically, summoned. Nicolai Ghiaurov, fine and dark-grained of tone, powerfully economical of gesture, was the bass soloist.

Four choral pieces served to introduce the finale, all in Rimsky arrangements — the rousing *Destruction of Sennacherib*, the little fragment from the opera project *Salammbo*, another of an unfinished *Oedipus* oratorio, and a late tableau called *Joshua* (also known as *Jesus Narin*), *tantalising promises all of works only* conceived but never completed. Abbado ended with Ravel's splendid orchestration of the *Pictures;* but the aptest tribute of all would have brought on a solo pianist — for nothing in the arrangement, not even the brassy catacombs nor the great organ tones of the Gate of Kiev, is as powerful or surprising or as brilliantly pointed as the original two-hand score.

The Oscars

The main Hollywood Academy Awards, postponed for a day *after the attempted assassination* of President Reagan, were as follows:

Best Actor: Robert de Niro in Raging Bull

Best Actress: Sissy Spacek in Coal Miner's Daughter.

Best Film: *Ordinary People*

Best Supporting Actor: Timothy Hutton in Ordinary People

Best Supporting Actress: Mary Steenburgen in Melvin and Howard

Best Director: Robert Redford for Ordinary People

Best Foreign Language Film: *Moscow Does Not Believe in Tears from the Soviet Union.*

Sadler's Wells

SWRB by CLEMENT CRISP

The Royal Ballet's golden jubilee celebrations may now be said to have started, with our national ballet's Sadler's Wells troupe installed on Tuesday for a season in its ancestral home. *The programme brought* three works which had their first performances there, and all —like the company—in good shape. There will be time *enough* during this anniversary period to make congratulatory comment and offer bouquets. For the moment let me *observe* that SWRB seems on its brightest form, with ballets and dancers lacking nothing in verve.

MacMillan's *Danses Concertantes*, which opened Tuesday's bill, has been given a *new—perhaps different*—lease of life in Georgiadis's super-casino redressing, with its Claes *Oldenberg furniture and its air* of sleek worldliness. I remember the thrill of its first performance and that excitement is still there in the electric pulse of the dances and the alert way the present cast pounce on the rhythms—they miss just a fraction of exactness in establishing the dynamic shape at the start *of* each phrase as, in groups of three, they dash from the wings to cross the stage, driven by the *quick impulses* of the score just before the ballerina's eye-masked entry. Notably good were Marion Tait *as* the ballerina, and Roland Price as the leading male soloist.

Rake's Progress received one of the best readings I have seen in many years. De Valois' grand re-creation of Hogarth's world needs each role to seem etched into the being of its interpreter. *The hangers-on and whores were* shown with an energy that meant not one step or gesture was wasted; the Rake was presented by Stephen Jefferies in a magnificently rounded and superbly controlled portrayal. I do not remember a better *account of the card scene*—we could sense the demons driving the young man to perdition—and the dreadful stillness he found in Bedlam, body and mind lost in shock, was enormously pathetic.

It is an interpretation of *greatness and one which makes* me hope to see Jefferies one day as a Petrushka who might re*kindle the dying fires of that* masterpiece. Doreen Wells, most happily returned to a company to which she brought such distinction, was a Betrayed Girl of entire innocence and a lyric restraint which was most moving.

Another happy return came in the closing *Pineapple Poll*, when Brenda Last bounced with all her customary élan through Poll's dances. The company's view was at moments brash, *some nuances of character lost* in the merry whirl, but always whole-hearted, and Cranko's *dances respond to that affection* by still seeming fresh, tirelessly happy.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). *All seasonally adjusted.*

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1979							
3rd qtr.	112.7	103.2	101	106.6	149.6	1,269	247
4th qtr.	112.6	104.2	101	109.1	185.9	1,286	230
1980							
1st qtr.	110.0	100.1	100	110.2	158.6	1,379	193
2nd qtr.	106.6	96.8	97	109.2	164.3	1,498	159
3rd qtr.	102.9	93.3	84	108.9	170.3	1,699	120
4th qtr.	100.2	89.1	79	109.0	205.2	2,020	98
June	106.6	96.3	107	109.5	167.1	1,542	145
July	105.1	95.2	87	108.5	172.8	1,609	128
Aug.	102.5	93.0	92	109.6	157.6	1,697	120
Sept.	101.2	91.5	73	108.5	170.4	1,791	111
Oct.	100.6	90.1	75	109.7	179.1	1,893	100
Nov.	100.5	89.3	84	109.2	192.8	2,030	96
Dec.	99.6	88.0	78	108.4	236.0	2,137	99
1981							
Jan.	98.3	87.5		114.0	177.6	2,228	104
Feb.				112.0		2,304	98
March						2,381	97

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1979							
3rd qtr.	105.6	96.4	132.5	95.0	105.1	100.2	21.0
4th qtr.	105.4	101.1	129.6	99.2	103.4	96.4	19.7
1980							
1st qtr.	104.6	100.9	123.5	98.8	56.4	92.2	13.3
2nd qtr.	98.2	96.2	123.1	93.2	93.7	85.6	15.3
3rd qtr.	97.0	95.0	117.1	91.3	77.9	82.8	12.5
4th qtr.	93.7	90.3	116.2	85.5	70.1	76.1	10.1
April	99.0	97.0	122.0	94.0	89.0	88.0	15.0
May	97.0	96.0	124.0	93.0	99.0	84.0	16.7
June	98.0	95.0	124.0	93.0	94.0	85.0	16.4
July	99.0	96.0	121.0	93.0	81.0	85.0	13.6
Aug.	97.0	95.0	116.0	91.0	80.0	85.0	10.8
Sept.	95.0	94.0	114.0	90.0	73.0	79.0	13.0
Oct.	95.0	92.0	115.0	87.0	67.0	76.0	11.8
Nov.	94.0	90.0	117.0	85.0	74.0	78.0	11.1
Dec.	93.0	89.0	116.0	84.0	69.0	75.0	7.2
1981							
Jan.	93.0	87.0	114.0	83.0	72.0	75.0	9.8

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn
1979							
3rd qtr.	129.9	132.5	−762	−210	−172	106.5	23.18
4th qtr.	129.8	132.6	−775	−579	−152	103.5	22.54
1980							
1st qtr.	133.0	126.9	−388	+ 54	− 95	101.0	24.87
2nd qtr.	126.2	126.2	−320	− 88	− 11	103.4	28.15
3rd qtr.	125.1	118.7	+616	+870	−157	105.5	28.08
4th qtr.	126.5	111.8	+1,269	+1,885	+222	105.6	27.90
June	128.9	124.2	+ 15	+ 81	− 23	103.8	28.17
July	128.6	117.1	+303	+403	+ 98	104.3	28.27
Aug.	123.8	120.5	− 29	+ 72	+ 23	106.0	28.29
Sept.	121.9	114.8	+344	+429	+ 39	105.3	27.64
Oct.	124.5	106.3	+506	+711	+133	105.2	28.03
Nov.	129.4	114.6	+410	+615	+ 54	105.6	28.19
Dec.	125.7	114.5	+353	+559	+ 35	105.1	27.48
1981							
Jan.	123.9	101.3	+742	+1,042	+210	106.4	28.39
Feb.	121.7	114.3	+314	+614	+231	105.1	28.43

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1979							
3rd qtr.	12.0	11.2	13.2	+3,642	933	1,875	14
4th qtr.	14.4	15.6	22.6	+2,977	839	1,959	14
1980							
1st qtr.	− 4.0	7.2	21.9	+1,725	634	2,049	17
2nd qtr.	− 1.5	10.7	23.3	+3,317	697	1,964	17
3rd qtr.	12.9	39.0	45.2	+6,889	1,090	1,933	16
4th qtr.	6.5	20.7	11.2	+3,494	1,253	1,790	15
June	− 4.9	13.7	26.8	+1,403	206	675	17
July	9.5	36.5	50.8	+3,718	340	663	16
Aug.	11.2	40.8	46.4	+2,139	307	613	16
Sept.	17.5	39.5	38.7	+1,032	443	657	16
Oct.	3.9	23.5	19.3	+1,164	520	629	16
Nov.	6.4	19.3	7.7	+1,446	285	558	14
Dec.	9.3	19.5	7.0	+ 884	448	603	14
1981							
Jan.	7.8	13.0	10.1	+ 622	446	627	14
Feb.	13.0	8.6	12.8	+ 575	366		14
March							12

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

1979	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* cmdty.	Strlg.
3rd qtr.	154.2	169.9	176.4	231.1	231.9	301.66	91.3
4th qtr.	161.7	183.9	181.8	237.6	237.2	295.13	88.5
1980							
1st qtr.	167.7	197.2	191.4	248.8	247.5	284.47	93.0
2nd qtr.	178.9	201.3	199.0	263.2	255.9	267.45	94.5
3rd qtr.	188.4	201.9	203.6	268.9	259.3	275.13	96.7
4th qtr.	193.3	203.3	206.1	273.9	260.7	269.25	100.2
June	183.7	201.1	201.0	265.7	275.9	267.45	94.5
July	185.1	201.7	202.7	267.9	259.9	273.57	95.6
Aug.	186.5	201.8	203.5	268.5	259.0	275.38	96.8
Sept.	193.6	202.1	204.6	270.2	259.0	276.44	97.6
Oct.	189.9	201.4	205.3	271.9	259.3	274.65	99.2
Nov.	192.6	203.4	206.2	274.1	260.0	270.56	101.1
Dec.	197.3	205.1	206.8	275.6	262.7	262.53	100.2
1981							
Jan.	193.6	209.6	209.8	277.3	266.7	251.88	102.0
Feb.		213.1	211.8	279.8	268.9	259.93	102.6
March						261.56	99.7

* Not seasonally adjusted.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Thursday April 2 1981

The banks as monitors

THE PART played by the clearing banks in Britain's financial system is undergoing marked changes. Some bankers may find their new roles somewhat uncomfortable, but the depth of the present recession has made it impossible for them to avoid becoming more involved in some of their clients' businesses than has been traditional in Britain.

A succession of capital reconstructions and rescues of companies under financial pressure has left clearing bankers with substantial equity or equity-type involvement in several large industrial companies. Out of the public eye, there have been numerous special financial packages put together for smaller companies in need of longer-term financing than the traditional overdrafts, often through specialised companies set up by banks and investment institutions in recent years to provide equity for smaller businesses. Preceding the cautious, and probably temporary, movement of the clearing banks into equity investment has been a much broader and more important recognition that the overdraft system cannot answer all of industry's needs and that the clearing banks are now deeply involved in medium-term and even long-term lending.

New ideas

To some bankers the idea of making long-term commitments is still somewhat "heretical," as Sir Anthony Tuke, the retiring chairman of Barclays Bank pointed out on Monday in his Annual Report. "We were all taught that the banker's greatest sin was borrowing short and lending long . . . however, we were too wedded to the traditional adage of what was and was not a banking proposition. Banking propositions now cover a much wider spectrum and a number of new ideas have emerged during the last few years, but perhaps we should have grasped the nettle of medium-term lending 25 years ago."

There may be little reason to suppose that British industry would have developed very differently if this and other nettles had been grasped earlier by the clearing banks. And the willingness to engage in medium-term lending which the clearing banks have shown in recent years, partly in response to foreign competition, is unlikely in itself to make a dramatic contribution to industrial recovery. Indeed, the eagerness to attract and retain banking customers has allowed some weak companies to over-extend themselves. If the current crop of corporate crises causes the banks to take their monitoring role more seriously, this will be a healthy development.

One important consequence of banks making longer term commitments to their clients should be the development of greater industrial expertise within the clearing banks. Obviously German-style universal banks, with battalions of industrial experts available to keep an eye on their clients' businesses and with non-executive directors on the boards of dozens of public companies, could not be created overnight, even if this was the British bankers' intention. In fact, the British clearers are unlikely ever to wish to play such an active part in the management of industry. They have no intention of becoming major equity investors, except perhaps temporarily in special situations. Nevertheless, a greater involvement of bankers who are more knowledgeable about industry could contribute to the improvement of managerial performance in parts of the British economy.

Missing link

Many recent company failures in Britain have been due to poor management over a long period of time. The separation of ownership and control in British business has often produced corporate structures in which top management decisions are rarely scrutinised by outsiders and in which management changes arise only as a result of takeover or liquidation. One of the missing links in the British financial system is a mechanism for recognising management failure and for changing management before it is too late. The banks cannot fill this gap alone. Non-executive directors and investment institutions must also play their part. But by developing a deeper knowledge of industry and by tying themselves more closely to the fortunes of their clients bankers can make a contribution to improving the management of Britain's industrial assets.

Paralysis in Belgium

BELGIUM HAS been governed by 30-odd governments since the end of the war. One more crisis, therefore, need not be the end of the world. The country has withstood prolonged current account deficits without having to devalue. So in that context, too, the present difficulties need not spell disaster.

The fact remains, however, that what may be short-term pressures have brought out structural, and hence long-term flaws in the politics and economy of Belgium. The most obvious of these is that the consensus between Left and Centre, upon which Mr. Wilfried Martens' outgoing Government was based, is unstable, and that differences between the two main language groups bedevil the conduct of Belgian politics.

Heavy industry

It never is easy to manage the affairs of countries with rival language groups, the Dutch speaking Flemings and the French-speaking Walloons in the case of Belgium. The task can become near impossible if, as in the case of Belgium, the ethnic dividing line coincides with one or more other divisions. Wallonia is the original home of industrialisation in Belgium. Until well after the Second World War its wealth was founded on coal and steel. Now that these industries have problems all over Europe, they have begun to weigh down Belgium as a whole and Wallonia in particular.

The Flemings, for their part, were for long the underdogs in Belgian society until, in the 1960s, an inflow of foreign investment brought their part of the country an undreamed of prosperity based on manufacturing industry. That access of economic strength has slowed down. Some foreign investors have even pulled out under the impact of changed world economic conditions.

Encouraged by their economic resurgence, the Flemings burst out of their second class role in the political management of Belgium. The various language regions received a large degree of autonomy in their affairs. The mainstream political parties sub-divided into French and Flemish wings even if, as in the case of the Socialists, one would expect their orientation to have been ideological rather than ethnic.

These divisions and subdivisions have at times brought Belgium to the verge of political paralysis. Government and Parliament for years have spent more effort on the language problem than on the bread-and-butter questions of everyday life.

The present crisis is entirely an economic one. It concerns whether the currency can be saved from devaluation and the economy at large from crisis by modifying the existing indexation of wages and by reducing the budget deficit. The dividing line is clear in Mr. Martens four-party coalition. The Christian Democrats, the centre group to which he belongs, are attacking indexation and want stringent economies. The Socialists want to moderate both attacks.

The Christian Democrats though not necessarily Mr. Martens in person, might find support for their own wishes in a coalition with the third mainstream party, the Liberals, who stand to the right of the centre.

Belgium has had a succession of economic packages in recent times, all of which helped for a while, but none of which promised a more permanent solution. What has brought on the present crisis is the renewals of tensions within the European Monetary System caused when the Germans in February decided to move to protect the exchange rate of the D-Mark.

Support

The D-Mark promptly shot up from near the bottom to near the top of the EMS. The [illegible] became an early casualty; it had to be devalued in the past week. Speculators were encouraged to take a close look at the Belgian franc; they did not like what they saw and rumours of a devaluation began to fly.

Defending the exchange rate has already cost the Belgian authorities the equivalent of BFr 90bn (about £1.1m) this year. They have perfectly cogent reasons for making their stand. But supporting the exchange rate without initiating measures to restore the competitiveness of Belgian industry would mean that support must eventually become a waste of money. Paralysis and muddling through are bound to become expensive and dangerous.

BACK FROM THE BRINK

What went wrong with Weir

By Richard Lambert and Ray Perman

THE UK recession is cruelly exposing management weaknesses in a number of manufacturing companies. The Weir Group, which announced a major financial reconstruction yesterday, seems a classic case of a good company with good products which has been brought to the brink of disaster mainly by management shortcomings.

High interest rates, the level of sterling, and the weaknesses of domestic demand have, of course, all played a part in its troubles. But the fundamental problem seems to have come from within Weir itself.

The full extent of Weir's financial difficulties did not become apparent to the management or anyone else until early last summer.

But a recession on the present scale leaves no room for manoeuvre. Within a terrifyingly short period of time, Scotland's largest engineering group veered from apparent prosperity into serious danger.

Up to about two years ago, the group appeared to be a textbook example of a business which had sucessfully broken away from a narrow base first established in the mid-Victorian era. Weir was founded in 1872, and until the late 1950s remained heavily committed to marine engineering on the west coast of Scotland.

At that point, it realised that UK shipbuilding faced a bleak future, and that the switch from steam to diesel fuel was going to reduce the size of its markets worldwide, in consequence, it started to diversify in three main areas.

First it began to build up an important steel foundry business, through acquisitions and greenfield developments. Supplying customers like the earth moving, heavy vehicle and oil industries, it secured a major share of the UK market—probably ranking with F. H. Lloyd as the biggest supplier.

Second, it broadened the base of its pumps business, both in product and geographic terms. It started to supply the water and sewerage industry and established a strong foothold in the power business especially on the nuclear side. It built from scratch an important position in pumps for the oil industry, and claims to have supplied around half of all the pumps installed on North Sea platforms.

Within a period of about 10 years, exports climbed from a tiny figure to over 50 per cent of sales. With annual turnover of about £80m, Weir now reckons to be one of the three largest pump manufacturers outside the U.S.

Third, around 1960 Weir made a major breakthrough in the design of desalination equipment, which enabled it to supply plant for producing fresh water from sea or other saline sources on a far larger scale than had ever been possible before. After the oil price rise in 1973, this business started to pull in very large orders from the Middle East.

This was good for profits, but it turned out to be a rather mixed blessing. The contracts brought with them substantial advance payments, which were big enough to have a favourable effect on the working capital of the whole group. Lord Weir says that with hindsight it is possible that the financial demands created by the expansion of the group were masked by these advance payments on desalination contracts.

Although spending on fixed assets was running at two or three times the annual depreciation charge, Weir seemed reluctant to make a rights issue to expand its equity base. The result was that when trouble came, the group was undercapitalised and unable to withstand the shock without external help.

In 1979, trading conditions deteriorated sharply. The desalination business met intense competition from Japan, where shipbuilding companies were—according to Weir—willing to fill their fabrication shops with desalination work almost regardless of price.

At the same time, demand fell steeply in the foundries. By the end of the year, Weir was preparing to close two out of its five foundries, at a substantial cost in terms of asset write-offs and redundancy payments.

Yet the overall position still did not appear too serious. In his annual statement last March and again at the annual meeting in May, Lord Weir expressed confidence that evidence of a recovery would start to emerge during 1980.

Within a few months, Weir was fighting for its life. What became only belatedly apparent was that the core of the business, the pumps side, was skidding out of control.

In the words of yesterday's document, "Major deficiencies were uncovered in the estimating and management reporting systems in Weir Pumps."

The seeds of the trouble were sown around 1977, when Weir started to reorganise its factory lay-outs. Whereas production in the past had been spread around the factories, particular types of pump were from then on to be made in individual "product cells." With the help of more sophisticated machine tools, the hope was that this would lead to shorter machine times and improve employee involvement by identifying the workforce more closely with the product.

However, Weir appears to have over-estimated the productivity improvement arising from the new techniques, and under-estimated the length of the learning process. It also switched over on to what turned out to be an unrealistic costing basis.

As a result, there were some substantial cost overruns on major contracts, and profit margins on original equipment sales (around half the total) turned out to be considerably lower than expected.

In 1979, the pumps business suffered a cash outflow of some £13m. Coupled with the fall in progress payments on desalination work, the upshot was a net reduction of £24.6m in liquid funds over the year

But Weir's top management did not become aware of the scale of the problem until well into 1980, when Weir Pumps started to fall wildly behind budget.

When the alarm bells eventually started to ring, action followed swiftly. There were radical changes in the senior management of Weir Pumps, and the organisation structure of this company was also altered to give clearer lines of responsibility. In addition, the workforce was cut back substantially.

Weir Pumps now has a little under 3,000 employees compared with around 4,000 before the crisis emerged.

But the damage had already been done. After making provisions against anticipated losses on work still in hand, the operating results of Weir Pumps deteriorated by around £5.5m in 1980, before allowing for redundancy costs of £2m. After providing for much higher interest costs and a tax charge on profits earned overseas, the group suffered an attributable loss of £10.3m.

> "Weir is Scotland's largest engineering group, and is based only a short distance from the defunct Linwood car plant. Had Weir gone under too, the row might have lasted until the next election."

This cut shareholders' funds at the year end to £26m, compared with net borrowings of £43m. The 1980 accounts have been prepared on a going concern basis, and that—say the auditors—depends on the proposed capital reconstruction.

By the time of the interim statement in September, the group had put together temporary bridging arrangements with its banks and the Finance Corporation for Industry (FCI) which had made a term loan of £11m some years earlier. But the banks wanted a lot more information before they would contemplate any new long term commitments.

As a first stage, a full review of the group's future capital requirements and forecasting systems was undertaken by independent accountants, Peat Marwick Mitchell. After some 30 accountants had combed through the entire group, a fat report was produced by the end of the year, which had one or two criticisms but was generally encouraging.

At the same time, a report on the group's technical and marketing capabilities was prepared by Professor John Rorke of Heriot Watt University, and that too was favourable.

On Christmas Eve, the large merchant bank Hill Samuel was called in to supplement the group's original adviser, Rea Brothers, which is one of the smaller accepting houses. There then followed three months of increasingly hectic negotiations, which culminated just before midnight on Tuesday, when final agreement was reached by around 80 people, crammed into the Royal Bank of Scotland's City office.

"We didn't even get a drink at the end," one participant observed drily.

Since last autumn, it has been clear that the group's survival would depend on the bank's willingness to defer payment on some of their debt by switching it into preference shares or some form of equity.

Once they received the independent reports, the banks were ready in principle to take such a move.

They were persuaded that far from pouring money into a lost cause, the main problem had already been identified and corrected.

But they wanted other people to put in some new equity money as well. FCI was ready to take some equity exposure provided that the banks restructured their loans.

Meanwhile, the Scottish Office was keeping in close touch with developments. Weir is Scotland's largest engineering group, and is based only a short distance from the defunct Linwood car plant. ad Weir gone under too, the row might have lasted until the next election.

Lord Weir stresses that at no time did the group seek direct Government aid. But the Scottish Development Agency, which although Government funded has considerable freedom in the way it uses its money, was willing to co-operate when it was approached in February. Like everyone else involved, it says that its investment has been made on a fully commercial basis.

The final approach was to Equity Capital for Industry, the equity bank backed by big investing institutions which, like FCI, was also involved in the recent reconstruction of Stone-Platt. It agreed to come in—and about three weeks ago, the deal began to take its present shape.

One condition of the package was that a new chairman should be appointed. Hill Samuel explained yesterday that the banks had felt the doctrine of ministerial responsibility should apply. Sir Francis Tombs, who is 56 and a former chairman of the Electricity Council, was approached six weeks ago. He becomes executive chairman, while Lord Weir steps down to vice-chairman.

"I have known Lord Weir for many years," Sir Francis said yesterday. "In the circumstances, this is as amicable an arrangement as one would expect. Lord Weir has been very large minded about it."

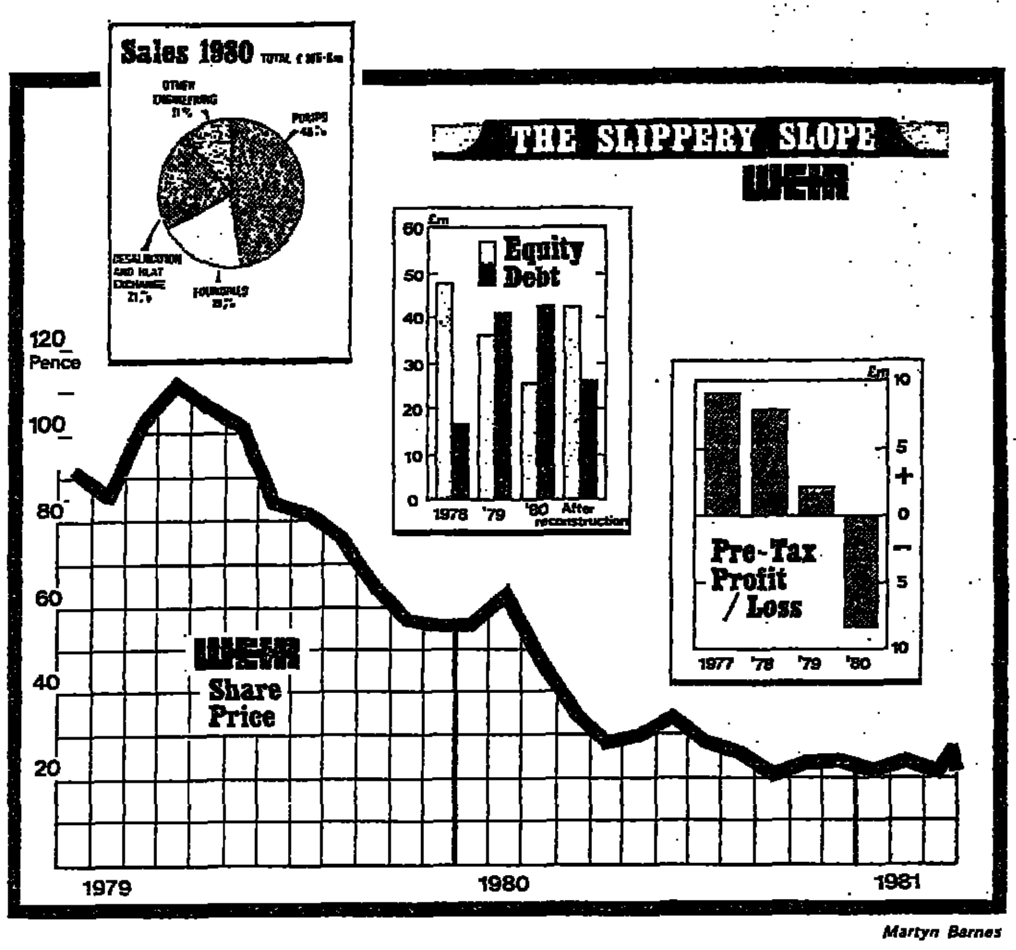
After the reconstruction, Weir will be left with a much improved debt-equity ratio, and a better balance between long- and short-term debt. This is especially important for a group which gets involved in very big contracts and has to be seen to be a sensible and acceptable partner with which to do business.

The banks are maintaining their overall exposure, albeit in a reshaped form; so the £6m rights issue is a real addition to resources.

The steel foundries are still working well below capacity, and the group is making no profit forecasts. But orders are up to budget, and Weir is confident that its management systems have been pulled back into shape, and that all losses have been provided for.

"We hope to do much better than last year," Sir Francis said yesterday.

Lord Weir, 47, is the fourth generation of his family in the Weir Group. The third Viscount, he became chairman and chief executive in 1972. He is a member of the Court of the Bank of Scotland and has been an active and effective salesman for the group's products. As vice-chairman, he will continue to be responsible for its overseas operations and the desalination business.



Martyn Barnes

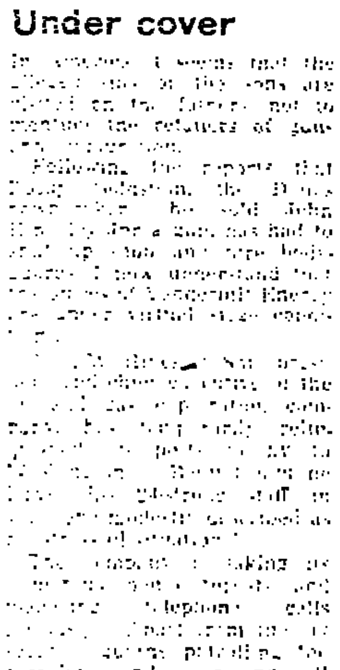
MEN AND MATTERS

The Old Lady goes for gold

The Bank of England [illegible]

[illegible] in the third quarter, only [illegible] another 3 tonnes or [illegible] in the final three months of the year according to Bank of England figures just published. [illegible] dealing [illegible] with Britain's gold [illegible]

[illegible] 725 tonnes [illegible]



"It must be the rates demand—it says 'PLEASE SIT DOWN BEFORE OPENING THIS ENVELOPE.'"

Under cover

[illegible]

removing all signs as to its identity from its offices in a 26-storey Denver office block, even to the extent of erasing its name both from the building's downstairs lobby and from the main door to its 17th floor suite.

Though a spokesman claims it is "business as usual," for all intents and purposes, it seems that an oil company with a $3.5m a year turnover has gone into hiding.

Foolish things

Such is the authority of these pink pages, it seems hard to convince some readers that a hoax is a hoax. Apart from one or two callers who suggested that my story about the Midland Bank's Chinese name-change may have been phoney (it was genuine), few dared challenge the authenticity of yesterday's news and features.

So for those of you still laughing, though the April 1 edition of the paper may I recommend a look at the Management Page. The piece on senior industrialists enlisting the aid of magic to spur their performance was, believe it or not, absolutely true.

It was the second article concerning an Arizonan "nocmac"—non-chip mainframe cybernetic—company that had adopted Japanese management techniques that could be described as loosely-based on facts. Nevertheless, two London management consultants rang with sincere requests for further details. Though I am not so sure about a Telex from one John Newman, demanding our co-operation in establishing a similar training scheme here.

Scottish games

Keeping up with the times, chartered accountants Deloitte Haskins and Sells introduced a new hazard into the final rounds of their inter-university management game yesterday. The teams had to take account of the impact of Cabinet leaks as well as the risks of strikes, pay freezes and high interest rates.

It was the canny Scots this year who emerged as winners from the original entry of 211 teams from 40 universities. After taking as many decisions in two days as the normal company board faces in two years, Glasgow University took first prize. The team of three accountancy students, Alan Gibbons, James Findlay and Sohail Rasul, with psychologist Colin Bilkus, had confidently named themselves Success Unlimited in anticipation.

Edinburgh University took second place and Cambridge's Fitzwilliam College, third, holding off a late challenge from University College, Dublin, who found the rules of the game rather more lenient than real life and at the last moment disposed of huge excess stocks at top prices.

Prudential chairman Lord Carr — "I've never played a management game" — came from a board meeting to present the prizes. British management was second to none, he declared, handing over to its potential recruits the symbolic trophy—a crystal ball.

Party dress

A wry greeting from the heartland of the trendy left to the new Social Democratic Party appears in the advertising columns of the Hampstead and Highgate Express. Squeezed between classified ads offering country kitchens and glass chandeliers is the following offer:

"Coats. Faded, ready for turning. Fit power-seeking person, big for his boots. Offer restricted to 'new Social Democrats' going cheap. No tears. Won't be missed. Apply Top Bod, Social Democrats, Craven Cottage, Bumpshire."

Observer

ECONOMIC VIEWPOINT

The world's high interest rate recession

THE INCREASE in the Belgian Bank Rate to 16 per cent, compared with 12 per cent at the beginning of last week, is merely the latest manifestation of a world-wide development. Interest rates are rising throughout the world, while recession is still very much the order of the day. There was a sharp rise in Italian interests rates at the beginning of last week in connection with the lira devaluation; and for the D-mark three-months Eurocurrency rates have shot up to 12½ per cent from just over 9 per cent early this year, the main movement taking place in February.

Moreover in contrast to the last oil-induced recession of 1974-75, real interest rates—i.e. interest rates corrected for inflation—are now substantially positive. Last time round they became negative in 1974 in most countries, and did not become positive again until 1979.

The two main countries which have bucked the trend and where interest rates have been declining are the UK and Japan. In the U.S. short and long term interest rates have been very volatile, but are moving up again after their most recent downward wobble.

The world-wide upward trend in interest rates does reinforce the evidence that the world recession will go somewhat further and last somewhat longer than, for instance, British official forecasters supposed.

Very-short-term economic wobbles, however important for the political balance between different factions in governments and central banks, are the least of the problems we face.

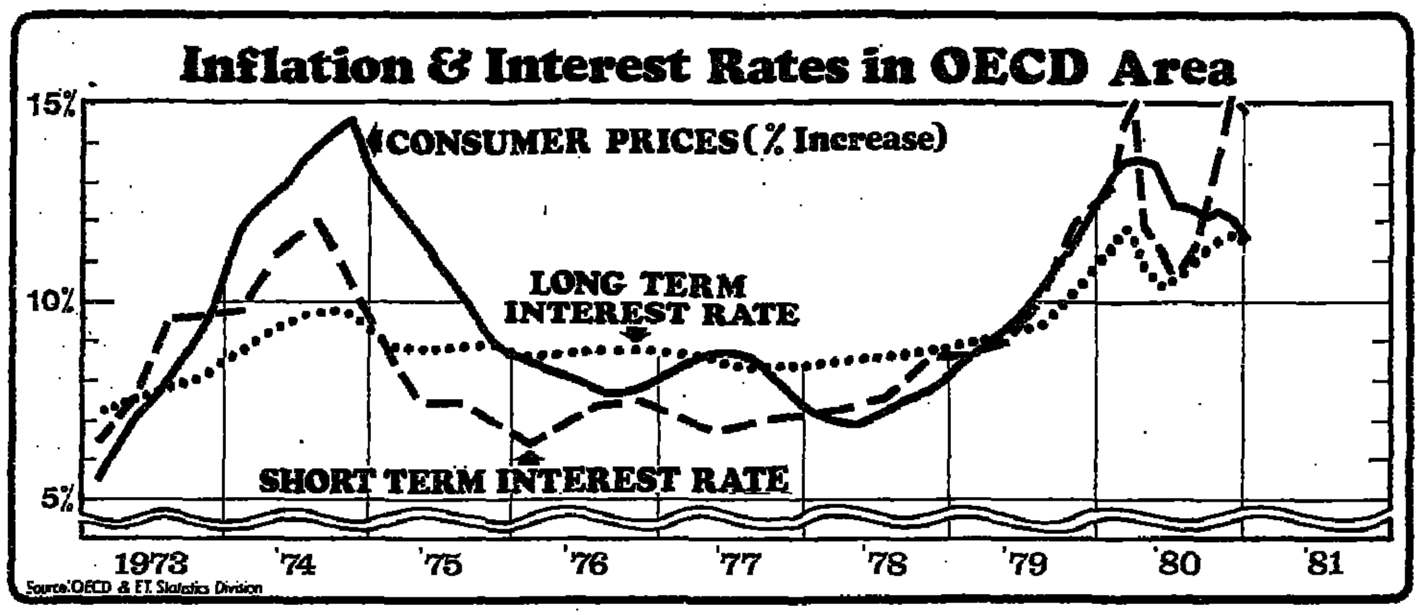
Both the last and the present world recessions have been touched off by the transfer of about 2 per cent of industrial countries' GDP to oil-producing countries, with limited short-term opportunities for spending increased revenues. This increased the worldwide propensity to save. Last time round the drop to negative real rates of interest may have put a brake on recession and stimulated recovery in a way which was impossible in pre-war recessions when there was no inflation and real interest rates could not fall below zero.

This time round the shift back at such an early stage to positive real rates of interest can be traced to a number of specific events. In Italy and Belgium interest rates have been jerked up because of downward pressures on the currencies concerned within the EMS.

In the U.S. interest rates have been determined by market forces since the shift—however imperfect in purist eyes—to monetary base control in the autumn of 1979. This system, together with moderately restrictive monetary targets, has produced positive real interest rates except for short periods when economic activity and credit demand have both been very low.

In the UK the shift to positive real rates of interest has come, not from the interest rate side, but from a drastic fall in the rate of inflation. Measured by retail prices, this has dropped from well over 20 per cent last spring to an underlying rate of 10 to 11 per cent now. In terms of wholesale prices the drop is to 7 or 8 per cent. Thus, a 17 per cent Minimum Lending Rate was lower in real terms early in 1980 than a 12 per cent one is today. In Japan too the change has come from a spectacular fall in inflation.

From a policy point of view the most interesting case is that of Germany. At a conference of the Kiel Institute of World Economics last week I heard a fascinating dialogue between Professor Walter, the Institute's monetarist whiz kid, and Dr. Dudler who occupies a similar position at the Bundesbank.



Graham Lever

Prof. Walter was very critical of the Bundesbank for keeping monetary growth at or below the bottom of the target range (5 to 8 per cent for "central bank money") in 1980. He maintained that an unnecessarily severe recession was being brought about because of the Bundesbank's preoccupation with the current account deficit and with the exchange rate.

It was obvious from Dr. Dudler's reply that the exchange rate which influenced the Bundesbank was not the EMS rate—where Germany was for a period at the bottom of the grid—but the rate against the U.S. dollar in which the Germans have to pay for their oil. In its March monthly report the Bundesbank has emphasised the depreciation of the mark against the dollar by 23 per cent between the end of 1979 and February 1981.

Dr. Dudler's main point was that the depreciation of the mark was associated with a rise in the inflation rate to nearly 6 per cent—compared with the average of just over 4 per cent in the past five years. For eight months the Bundesbank had followed a policy of benign neglect and interest rates had moved very little. But by this February it was clear that increased inflationary expectations were affecting the climate of wage negotiations and destroying the "stability bonus" which the D-mark had earned in the foreign exchange market. Hence the February policy change.

Professor Walter was unconvinced. He was impressed by the behaviour of the Japanese yen, which had been allowed to depreciate by over 20 per cent between the end of 1978 and the beginning of 1980, but has since come up sharply and regained nearly all the lost ground. At the same time Japanese inflation has also fallen sharply.

The more fundamental question, however, is why real rates of interest were negative in the recession following the first oil prices explosion, but have become positive in the second oil-induced recession. A preliminary point to clear out of the way is that there is nothing inherently impossible or impermanent about a negative real rate of interest.

Mr. John Kay has established this clearly by reference to an individual on a desert island with only coconuts for food (*Fiscal Studies*, March, 1981). Coconuts deteriorate. A stored coconut is only half at tasty as a freshly picked one. Thus the real return on coconut saving is negative. But the individual, who expects his coconut picking ability to diminish with age, will still be wise to save for retirement. Real interest rates can be positive or negative depending on circumstances.

Why then are real interest rates higher in the present than in the last recession? I can think of five explanations, some — not all — of which are mutually exclusive.

First, there is a Cambridge-type explanation: that governments on a world-wide scale are wrongly "deflating demand" to "bring inflation permanently under control." How else they can bring inflation under control escapes me; but no doubt some of the 364 will tell us.

Secondly, there is the Kiel type criticism that governments are obsessed with the current balance of payments, oblivious of the need for oil importing countries to run a deficit as the counterpart of the OPEC surplus. This, plus a devotion to arbitrary exchange rates, is leading to otherwise unnecessary interest rate increases.

This is all right as far as it goes. The world would be a safer place if central bankers pursued monetary targets (which should be ultimately governed in my view by money GDP objectives) and left interest rates and exchange rates more to the market. But for the reasons mentioned in the German case, I doubt if the trend of real interest rates — as distinct from the timing of the turning points — would be very different.

The third explanation is that, behind the exchange rate smokescreen, governments and central banks are much more committed to bringing inflation down than they were in the mid-1970s. This determination has taken those who fix wages and prices by surprise. When behaviour has adjusted, inflation will come down further and with it the demand for money balances, thus enabling interest rates to fall back.

All the above three explanations place heavy emphasis on financial policies, especially the policies of the industrial countries. But it also worth looking for real changes in world capital markets if we are trying to explain long-run shifts in real interest rates.

This brings one to the fourth possibility. This is that the oil producers are no longer prepared to behave like the coconut pickers of our illustration and are not satisfied with negative real returns. They have the choice of keeping the oil in the ground. This both diminishes their own savings and — by imposing inflationary shocks on the West — steps up pressure for tight money policies.

The fifth explanation, emphasised by Professor Giersch who heads the Kiel Institute is that the world is likely to suffer from a shortage of capital and this will push real interest rates upwards. He cites the need for investment in new types of technology appropriate to much higher energy prices and also to adapt to the microchip revolution. To this can be added the large additions to the population of working age mentioned in this column on February 12, which will make capital short relative to labour.

The difficulty is how to reconcile such a long-term explanation with a world recession reflecting an apparent excess of intended savings relative to investment opportunities.

Part of the answer may be that the amount of slack in the world economy may be very much less than current figures of unused capacity or unemployed labour suggest. Much existing capacity may be obsolete, even though its owners do not know it, and blame their troubles on tight financial policies or "unfair" Japanese or Third World competition.

In the labour markets many of those at present without jobs may not have sufficient earning power to make it worth their while to obtain paid, taxable employment in preference to drawing social security or working in the unregistered sector. In addition, a severe limit may be set on a world-wide scale to any traditional-type recovery by the short run inelasticity of oil supplies in the face of higher prices.

In other words the amount of demand-deficient (or "Keynesian") slack in output could be very much less than meets the eye; and world recovery may not have to go very far before it runs into bottlenecks of one kind or another. Markets are in advance of many of the experts in sensing this sea change in the environment; hence the high real interest rates which have emerged even before the recession has run its course.

Samuel Brittan

Letters to the Editor

Industry policy in Europe

From Sir D. Nicolson, MEP.

Sir,—I read John Wyles's article of March 27 entitled "EEC runs up a blind alley" with considerable interest and agreement. Unemployment and industrial regeneration are true priorities for the Community to consider, but a "jumbo council meeting" will achieve little unless it agrees that the fundamentals of Community organisation should be tackled in order to make industry as important a subject in it as agriculture. This is surely only logic when five times as many are employed in industry as in agriculture in the EEC and the bulk of the Community's income and unemployment derive from that source. It is a total contradiction of priorities therefore that 73 per cent of the present Community budget relates to agriculture and only 3 per cent to industry. In fact what we really need is an industry policy for making use of the EC's undoubted financial muscle in the right directions.

To implement this there should be a proper standing industry council in the future, a stronger industry division in the Commission, an industry committee in the European Parliament with shared authority over an industry development fund in the budget, and policies for using the Community's ability to provide cheap loan finance in a variety of areas to stimulate growth and trade before things get much worse.

These suggestions all have a psychological as well as a material impact, and they have all been made in the report on industry policy now being published by the European Democratic Group in the Parliament. They would surely form a fitting part of the agenda for this "jumbo council." It need hardly be added that Britain has a big opportunity to set the agenda for discussion when it assumes the presidency of the Council of Ministers in July, and that a much more positive approach to industry policy is of greater significance to it than any other member of the Community, and could well be the long term answer to its net contribution problem when the current accommodation expires.

(Sir) David Nicolson,
15 Hill Street, W1.

Gas, taxes and sovereignty

From the Director, National Federation of Clay Industries

Sir,—Ever since the Budget speech many of us in industry have been totally puzzled as to how an agreement signed by British Gas Corporation could possibly remove the sovereignty of Parliament to amend a domestic tax. We know that those who opposed entry into the EEC used to tell us we would lose sovereignty but this latest development is ridiculous.

The energy intensive industries hoped above all that the Chancellor would remove the £8 per tonne duty on heavy fuel oil. The only question seemed to be how he would replace the revenue. We had no reason to believe there was any other problem.

The "explanation" given in your issue of March 30 does not really answer this main question, but we do learn that every time the oil tax has been raised, British Gas has paid less but has not passed on the saving to its customers. We now have a right to know: by how much the price of gas supplies to British Gas would have risen if the £8 per tonne oil duty had been removed; by how much the price of industrial gas in the UK would have had to rise after taking into account the savings made by British Gas after past increases in oil duty; and whether there are any further international agreements which prevent the British Parliament from altering domestic taxes?

R. S. Redmond.
Weston House.
West Bar Green,
Sheffield,
South Yorkshire.

Living with a strong pound

From Mr. D. Scott.

Sir, — Mr. Grant (March 23) is, of course, absolutely right in pointing out that a strong pound is a basic sign of health in the British economy. Of course industry will have to learn to live with a higher exchange rate, and I imagine this is generally recognised by managers in industry, who I also imagine are well aware of the underlying benefits.

The problem has been the speed with which the pound has moved against other EEC currencies, and the degree of fluctuation between the pound and the dollar. To quote an example, my own company makes medium-high technology products from steel, and exports them to about 50 different countries. The largest share of our overseas business is in the EEC.

We recently took a valuable order in France for our products at FFr 610 per unit. We started to negotiate this price last July when the exchange rate was FFr 9.6= £1. The price in sterling was therefore £63.54p. The order finally came to us in February, when the exchange rate was FFr 11.06=£1, a price of £55.15p per unit. In other words, without us doing anything to our price the exchange rate had actually reduced it by £8.39p between starting to negotiate the order and actually receiving it. The margins on products such as we make are not sufficient for this order to be anything other than a loss-maker for us.

We are as well equipped to manufacture our products as any of our competitors. We may, like most British companies, be somewhat overmanned, and also be suffering from a degree of restrictive practice. Like most other British engineering companies, we are doing our best to get these things right. But it takes time to change the habits and working practices of two generations. It takes time to adjust one's cost structure in order to overcome the effect of a 15 to 20 per cent revaluation of sterling against European currencies — certainly a lot longer than the six months or so referred to above.

I feel that if the Government had managed the exchange rate better through the mechanism of MLR the engineering industry would not have suffered the catastrophic reduction in output which has occurred since last summer. Periods of fundamental readjustment such as we are going through at the moment are no doubt always very difficult for the people in the firing line, but my belief is that Government policy has caused a considerable number of unnecessary casualties.

D. A. Scott.
Halford House, Halford.
Nr. Shipston-on-Stour, Warks.

The Cambridge manifesto

From Professor Brian Reddaway

Sir,—Mr. Brittan is entitled, if he wishes, to say (Lombard, March 30) that he is strengthened in his views about the rightness of the Government's deflationary policy by the fact that it has been publicly attacked by 364 academic economists, including "so many of the great and the good" (his phrase).

He is not however entitled to imply that even one of the 364 signatories was really in favour of the Government's deflationary policy, and only signed because he considered the rest of the Government's actions to be inadequate. His reference to "an impossible dilemma" is pure *suggestio falsi.*

Indeed, Mr. Brittan reveals how he is twisting the argument in the paragraph preceding his claim, in which he points out that "the Cambridge manifesto concentrates on one area — counter-inflationary demand management." Anyone asked to sign such a manifesto cannot possibly have done so because he disapproved of the Government's policy on trade union reform and Mr. Brittan can bring nothing but discredit on himself by suggesting that he did.

(Professor) W. B. Reddaway,
Faculty of Economics and Politics, University of Cambridge, Sidgwick Avenue, Cambridge.

Doing no harm

From Mr. M. Masterton

Sir, — I see that the Prime Minister has commented in the House of Commons that the 364 economists who signed the criticism of Government policy have done more harm to themselves than to anyone else.

Obviously the same cannot possibly be said of her. Since most economists are concerned to do good, I hope that like me they will take the phrase as a compliment.

Perhaps the definition of a monetarist is an economist who ensures that the harm will be done to anyone else?

Malcolm Masterton.
65, Lexham Gardens, W8.

The law and insurance

From Mr. J. Dawson

Sir,—While Mr. Mitchley (March 26) demonstrates a laudable distaste for fraud, he does not explain how he or the Association of External Members of Lloyd's propose to stop it. One can mug up on the subject in the works of Chaucer and Boccacio among other text books, but no ideas have yet been propounded to cure crime.

To bring the legal debate into present-day problems it was recently reported that the FBI had tracked down a 19-year-old boy in Manhattan, who had started alarm bells ringing right across the United States. He had cracked the computer code of a large soft drinks company by telephone and ordered it to deliver crates of coca-cola to his home. Our own Scotland Yard did a highly competent investigation into the "Salem" fraud. It rejected the use of a remotely controlled camera-carrying miniature submarine, insured at Lloyd's, to investigate the wreck, since it had all the evidence it considered necessary.

Surely these two examples illustrate both the difficulties facing underwriters in a fast-changing commercial climate, and also they bring attention to the use of experienced assessors used by underwriters to protect their names when faced with the taint of fraud.

Mr. Mitchley would derive comfort from a closer knowledge of how underwriters and brokers deal with complex problems as routine matters, and how these are solved through mutual confidence. This confidence is derived from over 300 years of sound commonsense practices, and over that long period there is not one single instance of a member of the insuring public suffering loss through the failure of a Lloyd's policy.

Those of us who work at Lloyd's are understandably proud of its long history of resilience and good faith. It's health should be plain to all from its determination to examine changes, to maintain its high reputation. The few recent examples of loss or malpractice are events that any commercial undertaking has to face, and if possible, to eradicate the cause. No association of shareholders could have stopped the sorry collapse of Rolls-Royce.

James Dawson.
Little Stonewall,
Langton Green,
Tunbridge Wells,
Kent.

Immunity clause

From the Chairman, P. J. Dewey (Agencies) Company

Sir,—One of the hiccups in the passage of the Lloyd's Bill through Parliament is the "immunity clause" and I wonder to what extent this flows from a lack of understanding.

We are all members of a society who wish to trade in an insurance market we call Lloyd's and annually we elect a committee to administer and regulate that market. If a person is elected and gives his or her time without cost but for our common benefit, then the least we can do, should the elected member make a mistake, is to be prepared to share the cost of the error. Thus we give them immunity. The alternative is to insure for "professional negligence," the cost of which must be borne by the members of the society and any insurer prepared to accept the risk will charge a premium with profit in mind. Would it not be better (and cheaper) to give the immunity and pay our own losses? Could not the same be said of errors committed by the society's officers?

P. J. Dewey,
Ruxley Mount,
Mountview Road,
Claygate,
Esher, Surrey.

Today's Events

GENERAL

UK: Mr. David Howell, Energy Secretary, speaks at National Council of Building Materials Producers lunch, London.

Mr. Roy Hattersley, Opposition Home Affairs spokesman, on race relations in Britain, Slough.

Confederation of Shipbuilding and Engineering Unions executive meets to discuss 7½ per cent pay offer.

Office of Health Economics publishes report on "Alcohol: reducing the harm."

Birmingham Chamber of Commerce seminar on selling successfully to France.

Television and Radio Industries Club jubilee celebrity awards, Grosvenor House, W1.

Overseas: Mr. Raymond Barre, French Prime Minister, meets Mr. Helmut Schmidt, West German Chancellor, in Bonn.

Eurofer Club (15 state-controlled EEC steel companies) resume discussions on production quotas, Luxembourg.

Lord Carrington, Foreign Secretary, continues visit to Peking.

Queen Beatrix of the Netherlands state visit to Belgium concludes.

PARLIAMENTARY BUSINESS

House of Commons: Energy Conservation Bill, remaining stages. Motion on EEC document on research and development in biomolecular engineering, and on the memorandum by the Department of Industry. Opposed private business will be taken at 7 pm.

House of Lords: Motion to approve Queen's of Belfast (Northern Ireland) Order, 1981. Enterprise Zones (Northern Ireland) Order, 1981. Supreme Court Bill, third reading. Motion to approve Mortgaging of Aircraft (Amendment) Order, 1981. Forgery and Counterfeiting Bill, report. Laboratory Animals and Protection Bill, committee.

OFFICIAL STATISTICS

UK official reserves for March. Capital issues and redemptions (during the month of March).

COMPANY MEETINGS

Arden Cobden Hotels, Cobden Hotel, Hagley Road, Birmingham, 12.15. Hoover, Perivale, Greenford, Middlesex, 10. Law Debenture, 66, Gresham Street, EC, 10.30. Lonsdale Universal, Great Eastern Hotel, Liverpool Street, EC, 12. Donald Macpherson, Winchester House, 100, Old Broad Street, EC, 12. PMA Holdings, Hawkhurst House, Headley Road East, Woodley, Reading, Berks., 10. Tavener Rutledge, Adelphi Hotel, Lime Street, Liverpool, 12. Thermal Syndicate, Royal Station Hotel, Newcastle upon Tyne, 2.15. West Kent Water, Cramptons Road, Sevenoaks, Kent, 10.30.

UK COMPANY NEWS

Reckitt at £53m after late flourish

WITH second half pre-tax profits climbing from £25.8m to £30.41m, Reckitt and Colman, the international manufacturing and marketing organisation, reports improved figures for the full year to end-December, 1980. Despite interest charges soaring from £8.53m to £14.38m, the pre-tax profit was £53.17m compared with £51.01m, an increase of 4 per cent.

Sales advanced 10 per cent from £659.1m to £728.1m, and trading profits showed an increase of 13 per cent at £67.55m. Much of the increase came in the final quarter.

Mr. J. A. S. Cleminson, the chairman, says the company has made an encouraging start to 1981, but this is too short a period of time on which to base a judgment, especially in a year in which economic conditions exchange rates are likely to be subject to wide variations. For these reasons he says it is not his intention to make a forecast.

After tax up from £19.78m to £22.78m, and minorities of £3.41m (£3.36m), attributable earnings were slightly lower at £26.89m compared with £27.71m. Exchange differences accounted for £5.76m (£7.14m).

Extraordinary items were £5.06m (£5.22m), leaving attributable profits up from £15.35m to £16.01m. Stated earnings per 25p share are 21.74p (22.55p). The final dividend is unchanged at 5p for a same-again total of 8.5p.

HIGHLIGHTS

Lex examines the details of the rescue of **BPC** *by* **Pergamon Press** and then moves on to consider Weir's problems and cash injection by the institutions. **Reckitt and Colman** has reported some surprisingly good figures, with a rise in pre-tax profits to £53m and an unchanged dividend. *Lex also comments on the latest figures from* **Babcock**, showing a substantial profits downturn from £32m to £15m, though the directors have decided to hold the dividend payout. On the inside pages **Spirax-Sarco** comes up with a £10.7m rights issue with its full-year results, while at **Molins'** full-year outturn is surprisingly good, given the losses on the paper and packaging machinery side. At long last **R. P. Martin** has agreed terms for a merger with Bierbaum, and a batch of figures from the insurance *sector comes in for analysis.*

Capital investment, says the chairman, was maintained during the year with expenditure of £34.7m, of which £15.6m was incurred in modernisation and improvements in the UK. Cash borrowings were down from *£62.7m to £60.7m.*

Reviewing the year generally, Mr. Cleminson says UK sales were at a low level at the middle of the year as a result of trade *destocking and the overall* economic climate. Despite this, however, the main UK businesses maintained aggressive marketing strategies and in market share terms these were effective.

The export division increased its sales by 18 per cent in the second half, despite the continued strength of sterling. Continental businesses had a hard year with recession and high unemployment levels making trading difficult.

Although price controls in Belgium severely limited the group's performance, new products were successfully introduced. Against a recessionary background in France, competition intensified. In Germany, a problem area for many years, *Jensen's Fine Foods was disposed* of and the remainder of the business in that country was re-organised in order to eradicate losses.

The Irish company recorded a good sales increase, but towards the end of the year the weakness of the Irish punt severely affected profitability. The severe *recession in Spain* resulted in a profit reduction, and the integration of the recently acquired Sidol business continued.

In 1979 the North American part of the group's business was a very serious problem, but during 1980 much was done to *improve the position* and *pre-tax* profits amounted to £5.2m (£1.4m). There was also an increase in sales and profits in Canada.

Trading in Australia followed much the same pattern as in the previous year, beginning slowly *and gaining strength as the year* progressed. In local currency terms, sales were up by 18 per cent and pre-tax profits increased by 11.9 per cent.

Price control severely affected the Brazilian consumer product business, while the development *of the industrial oxides business* at its new Porto Feliz site enabled rationalisation of production. In the face of its problems, the chairman says Brazil did well to show a good increase in profit, in sterling terms.

Overall, the Latin American *profit improved* by 17 per cent to £8.9m.

An analysis of sales and profits by product (in £m): food and wine £268.2 (£255.5) and £15.8 (£11.96): household and toiletry £265.5 (£236.6) and £33.24 (£32); pharmaceutical 76.61 (£63.63) and £7.03 (£7.47); industrial inc. pigments £83.46 (£69.1) and £0.66 loss (1.95); leisure 34.28 (£34.22) and £0.63 (£0.05).

Lex, Back Page

Molins' earnings hit by strength of sterling

THE HIGH VALUE of sterling hit the second-half performance *of* **Molins**, manufacturer of machinery for the tobacco and paper and packaging industries, reducing 1980 taxable profits from £11m to £8.9m.

But the group is maintaining the net total dividend of 7.898p, with a final payment of 5.698p *(same).*

Total sales of the group advance from £111.2m to £123m. But turnover in the paper and packaging machinery division *fell from £35.7m to £32.1m*, and it incurred a trading loss of £1.3m, against a profit last time of £800,000.

The directors say this was *wholly attributable* to Masson Scott Thrissell Engineering of the UK which suffered badly in export markets because of the strong pound. The trading loss includes a charge of £200,000 for the reorganisation and redundancy costs at this plant.

Sales from the group's tobacco machinery operations were up from £75.5m to £90.9m and the division showed a marginally increased trading profit of *£12.1m (£11.7m).*

Here again UK sales were reduced by the strong pound and profits were lowered by a charge of £700,000 for reorganisation and redundancy costs at *the group's Deptford*, London, plant.

An increase in the profits of the Richmond Division of the Molin Machine Company of the U.S. and Molins do Brasil compensated for the reductions in UK business, say the directors.

And they report that despite the difficulties, total UK sales increased from £80.9m to £89.4m, with exports taking an increased share of 79 per cent (76 per cent), worth £70.5m.

The directors note that the pre-tax profits of the group's overseas companies, when translated into sterling, were reduced by about £300,000 because of unfavourable exchange movements, mainly in the U.S. dollar.

They say the adverse factors which affected the second half of 1980 have also affected the first few months of this year.

As a consequence, the directors *expect profits for the first half* to be below last year's total of £4.7m, down on the previous year's £5.3m.

They also expect the results for the full year to fall short of last year's figures.

The group's pre-tax earnings were after depreciation and interest charges of £1.9m (£1.5m).

Tax took £2.2m (£2.8m), minority interests £100,000 (nil) and extraordinary items £500,000, leaving profits attributable to *shareholders of £7.1m (£8.2m).*

After dividend payments of £2.34m (same), retained profits were £4.8m (£5.8m). Earnings per 25p share were reduced from 27.8p to 22.5p.

After current cost adjustments, the pre-tax surplus was reduced to £2.2m.

● comment

The two main influences on *Molins' trading results in 1980* have been the strength of sterling and the collapse of the UK paper industry. At the trading level, the rising exchange *rate has transformed a 20 per* cent tobacco machinery sales increase into a mere 3 per cent *rise in profits. Paper and* packaging machinery, already marginally in loss at the interim, lost 5¼ times as much in the second half; a plentiful supply *of good secondhand paper* machines in the UK seems to have choked off orders. The first half of the current year will again be uninspiring, although a bunching of reorganisation and development costs will temporarily depress *profitability; a pre-tax profit* slightly above £8m seems a realistic estimate for 1981 assuming that sterling does not soften appreciably. Over a two *to three-year span, there is* optimism that development expenditure (roughly 10 per cent of sales) will show through when Molins begins to market *a soft-pack* maker and a cigarette machine reputedly capable of producing 8,000 per *minute. Meanwhile,* the shares yield 9.2 per cent, having moved up 7p yesterday to 129p. A prospective fully taxed multiple of 9.7 leaves them *fairly* fully valued *for the moment.*

Littlewoods plunges by £30m

DESPITE a 7.7 per cent increase in retail sales to £1.06bn, pre-tax profits of the **Littlewoods Organisation**, privately - held *stores, mail order and pools concern*, slumped to £11.5m, compared with £41.7m.

The directors explain that retail profit margins came under severe pressure due to depressed consumer spending, intense competition and an 18 per cent *increase in expenses. Interest on* borrowings rose by £10m, they state.

The group's retail operations produced profits of £3.5m, a drop of £33.5m, but the pools division expanded from £5.5m to £7.1m.

It is not possible to split down the retail profits between the stores and the mail order operations, but it is made clear there have been no signs of an improvement in the current year so far.

Sales have remained extremely depressed, the directors state.

Profits slip at Hiltons Footwear

Taxable profits of **Hiltons** Footwear slipped to £1.01m for the 53 weeks to January 30, 1981, on increased turnover of £15.47m.

The Leiester-based footwear retailer *reported profits of £1.56m* on turnover of £13.18m in the previous 52 weeks. After the first six months, group earnings had fallen from *£487,294* to *£200,044.*

Despite the setback, the group is maintaining the net total dividend *of 4.723p, with a final of* 3.423p (same).

Tax took £192,408 (£291,169) and there was a credit for an over-provision for tax on pro*perty disposals in previous years* of £254,923 (nil) leaving retained profits of £781,722 (£983,371). Earnings per 20p share fell from 20.74p to 13.31p.

After current cost adjustments, pre-tax profits were reduced to £455,367 (£1.13m).

Phicom maintains payment

PRE-TAX PROFIT for 1980 of **Phicom**, data and video communications and scientific instruments manufacturer, fell from £1.12m to £1.06m on turnover up from £33.41m to £34.84m.

At the half-year stage pre-tax *profit came out at £428,000* (£1.03m).

The directors have recommended a same again final dividend of 0.55p per 10p share, *making 1p for the year (same).* The stated earnings per share are 2.2p (same).

The operating profit came out at £2.71m (£1.74m), losses of *activities sold or ceased* amounted to £134,000 (£22,000) and redundancy costs emerged at £310,000 (nil).

Interest charges were £1.2m (£593,000) and tax took £172,000 (£227,000). After extraordinary items of £62,000 (£89,000), the retained balance came out at £418,000 (£397,000).

On a current cost basis Phicom made a pre-tax loss of £134,000 (£45,000).

Wm. Nash cuts payout

Taxable profits of **William Nash**, the Orpington-based maker of specialised paper, slumped from £679,279 to £100,881 in 1980 and the total dividend is being *reduced by 2p to 10p net with* a final of 4.5p.

At the interim stage profits *at the pre-tax level* were down from £207,000 to £127,000.

There was a tax credit for the year of £303,056, compared with a £193,542 charge, and stated *earnings per £1 share* emerged much lower at 90p, against 108.4p.

After an extraordinary debit of £564,135 (£39,538 credit) there was an attributable loss *of* £160,398 (£525,275 profit).

INTERNATIONAL INVESTMENT

The directors of **International** *Investment Trust* forecast an interim dividend, for the current year, of 1.75p net per share, Mr. C. Michael Hughes, chairman, tells members in his annual review.

Prospects for increases in dividends from UK companies *during this year are not bright;* nevertheless the current rate of dividend will be at least maintained, he states.

As reported on February 26, the Trust is paying a total of 4.15p net, from net revenue of £1.54m (£1.51m), for the year *ended January 31, 1981.*

Listed investments at market value were: UK £32.11m (£30.52m); overseas £9.6m (£7.58m). Unlisted at directors' valuation totalled £2.06m (£810,222).

Babcocks' profits slump but dividend maintained

A SEVERE downturn in the majority of the markets for its products in the UK and North *America, and much higher* interest charges, have cut taxable profits of **Babcock International**, engineering and contracting concern, from £32.05m to £15.24m for 1980. The dividend, however, has been maintained at 7p net with an unchanged final of 3.6p.

Sir John King, chairman, says that conditions in 1980 were *exceptionally* harsh and, although a rapid recovery to recent profit patterns is unlikely, "there is no doubt that the group remains inherently strong and we believe that 1982 should see the resumption of former growth trends."

Profits at halfway had fallen from £15.48m to £6.1m.

Turnover for the full period improved by £28m to £873m and included the consolidation of a full year's trading by Babcock Allatt and Keeler Corporation, compared with 24 weeks and 17 *weeks in 1979. Interest took* £14.47m against £8.3m for the year.

Earnings per share are shown as 5.9p (18.7p) after tax of £9.36m (£11.8m).

Sir John say that high sterling and dollar interest rates not only compounded *the decline in* demand but had a direct impact on costs, and the strength of sterling against most other currencies further eroded margins *on export sales* already under pressure from more intense competition.

In the contracting businesses, order intake was low except in Australia, South Africa and Acco's material handling operations in North America where the *automotive manufacturers* are extensively re-equipping their plants for new smaller models.

Orders taken in previous years, *however, provided a good work* load throughout 1980 the chairman explains, for the boiler related sector in the UK, Australia, South Africa and Mexico, and the Italian, French and Spanish operations of FATA European group.

Reductions in the group's labour force were unavoidable to maintain the continued viability of the businesses, but advantage was taken of natural wastage and *short time working* where appropriate before declaring redundancies, he says. Costs associated totalled £4.2m, which were charged against trading profits *except for £700,000* relating to plant closures which was included in extraordinary items.

Cost of new plant and facilities installed during the year, or in *course of construction* at the year end, amounted to £29.4m, of which £18.4m related to assets in the UK.

Aggregate borrowings increased marginally from £110.25m to £110.72m, although there was a £10.53m decrease in *the net liquid position.*

On the business outlook, Sir John says uncompleted orders at the start of 1981 totalled £1bn, including the £295m contract *awarded to Babcock Africa* for Escom's Lethabo station in South Africa—orders on hand at the start of 1980 amounted to £616m.

The boiler related businesses are, with the exception of Babcock Belgium, in a strong position, with good order books and the main production facilities of Babcock Power in Renfrew, Scotland, will have a work load extending well *into* 1984 *when* the contract for the supply of four 660 MW units for the Castle Peak "B" station in Hong Kong is signed in August this year, he *states.*

The outlook for the product businesses, mainly located in the UK and North America, generally indicates a level of activity *not much different from that* experienced in 1980.

"While current trading conditions last, however, the profits of these businesses will remain dull, but they are now generally more efficient and competitive than formerly, which will become apparent as their markets improve."

On a CCA basis pre-tax profit is turned into a loss of £2.16m. *Balance sheet shows share*holders funds of £176.2m (£177.86m), bank and cash balances £15.35m (£20.68m), and bank and other loans of *£56.47m (£51.28m).*

Lex, Back Page

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Babcock Intl.	3.6	—	3.6	7	7
GRE	9.5	—	8.5	15.5	13.5
Hiltons Footwear	3.42	June 1	3.42	4.72	4.72
Legal and General	8	—	5	9	7.6
Macfarlane (Clansman)	2	May 21	1.84*	3.7	3.52*
Molins	5.7	May 20	5.7	7.9	7.9
William Nash	4.5	—	6.5	10	12
Phicom	0.55	May 29	0.55	1	1
Phoenix	8.4	July 1	7.5	14.9	13.3
Provincial Insurance	10	July 1	9.13	17.5	16
Reckitt and Colman	5	July 2	5	8.5	8.5
Sun Alliance	18	July	14.5	33	28
Weir Group	nil	—	nil	—	1.86

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Hall Engrg. home problems

Mr. R. N. C. Hall, chairman and managing director of **Hall** *Engineering (Holdings), says in* his annual report that there can be little doubt that 1981 is not going to present any easier set of conditions than those faced *in 1980. If anything, he says,* conditions in the UK could be even worse, particularly those involving steel reinforcement and design.

He adds: "When the British Steel Corporation, massively supported by public funds, joins *forces with another of our* major competitors it has to be realised that the result will constitute, and is intended to constitute, additional and more *effective competition to the rest* of the private sector.

"We, in this group, are quite *prepared to stand or fall* according to our own efforts in conditions of fair competition.

"It is my belief that the recently announced Phoenix plan places us and our other competitors at a disadvantage which is quite contrary to the ideals which were offered in the Tory's election manifesto.

"Apart from this politically contrived aggravation of already difficult conditions, the prospects for the group in the UK are difficult, but not by any means disheartening."

He says the group's interests overseas are not facing the same problems, and that the changes taking place are imposing increasing strains on the manu*facturing resources of wholly*-owned subsidiaries in South Africa, which seem set for yet another year of record results.

As known, pre-tax profits for 1980 rose from £6.3m to *£7.07m.*

Meeting, Birmingham, April 23, *10.15 am.*

SPAIN

April 1	Price %	+ or —
Banco Bilbao	298	
Banco Central	340	
Banco Exterior	269	
Banco Hispano	295	+2
Banco Ind. Cat.	129	
Banco Santander	327	−2
Banco Urquijo	184	
Banco Vizcaya	319	
Banco Zaragoza	230	
Dragados	145	−2
Espanola Zinc	75	
Fecsa	58.5	
Gal. Preciados	30.7	−0.3
Hidrola	64.2	−0.5
Iberduero	53	−2
Petroleos	95	+2
Petroliber	70	
Sogefisa	85	
Telefonica	61	
Union Elect.	63.5	+0.8

Delta and McKechnie to reconstruct SA interests

Delta Group and McKechnie Bros. are restructuring their interests in South Africa, involving the sale of Delta's 50 per cent holding in Macdem (Pty), its South African associate in non-ferrous metals fabrication, for about £12m.

Delta's holding in Macdem is being sold as to 5 per cent to its partner McKechnie and 45 per cent to Haggie, a major South African corporation. Under the restructuring plan Macdem is to be separated into two holding companies—R. Jackson (Holdings) and Macdem (Pty).

As a result of the reorganisation the capital of Macdem will be held as to 55 per cent by McKechnie and 45 per cent by Haggie, while the capital of Jackson will be held as to 25 per cent by McKechnie, 25 per cent by Haggie and 50 per cent by Delta.

Jackson is the largest South African stockist and distributor of non-ferrous metals and semi-fabricated aluminium and stainless steel.

Delta says that the sale of the Macdem stake is in line with its policy of reducing its dependence on metal fabrication. The company says that it will allow a better geographical balance of Delta's business and will free resources for investment in new growth areas — although in the short term, the funds will be used to reduce UK borrowings.

On July 1 1984, Haggie will acquire McKechnie's remaining interest in Jackson and an additional five per cent interest in Macdem. Between September 30, 1985, and September 30, 1989, Delta and McKechnie will have the right to sell their remaining interest in Jackson and Macdem to Haggie. These additional purchases will be paid for at a price based on an undisclosed, but agreed formula.

Haggie has been actively seeking diversification opportunities for some years, as its traditional operations have relatively limited growth prospects and yet generate sound positive cash flows. In January 1979, Haggie acquired control of the mining equipment manufacturer, S. Osborn for R8m from UK-based Aurora Holdings.

As a result of the initial transactions McKechnie will receive a net amount of some R4.3m in cash on July 1 1981.

The Macdem group contributed £3.23m to McKechnie's profit before tax for the year ended July 31 1980. The effect of the restructuring if it had taken place before that date would have been to reduce that profit by £0.69m to £2.54m. The net book value at July 31 1980, represented by the net interests being disposed of by McKechnie, amounted to £0.25m.

WPG buying 12 properties

Westminster Property Group is buying 12 properties worth just over £4.06m from Graylaw Holdings, one of its shareholders.

WPG is paying for the properties through the issue of 10.2m new shares. Its stockbrokers, Williams de Broë Hill, placed 5.15m of the new shares with institutional and private investors at around 27p.

The properties comprise five which are developed and to be held for investment, three being developed, and four which are to be held for development in the future.

Two of the properties being developed are in Maple Street in London's West End, with the other in High Street, Wealdstone, Harrow, Middlesex.

WPG's board has arranged finance for these developments, expected to be completed this year. One of the properties in the deal is being used as security for a loan of £850,000. WPG will assume this debt; thus the net value of the properties being bought is £3.21m.

As well as the new share issue, WPG will issue a further 500,000 shares on a pro rata basis if pretax profits of between £500,000 and £1m accrue from the Maple Street and Wealdstone developments.

Initially, the purchase will yield additonal yearly rental income of £188,000 and potential further income of £68,500 from properties completed and available for letting. WPG's net tangible assets of 27.08p a share at September 30, last, will rise to 28.72p as a result of the deal.

The Graylaw group and three WPG directors associated with the company will not vote at the April 23 EGM on the deal on behalf of their joint 5.8 per cent holding in WPG.

ROBERTSON BOARD SAYS 'ACCEPT'

Following Monday's statement that Avana Group's offer for Robertson Foods had been declared unconditional as to acceptances, Robertson directors advise shareholders to accept the offer or sell their shares in the market as they feel it would not be appropriate for holders to remain as minority holders in Robertson.

Robertson directors are selling their shares in the market.

British Sugar—further delay

BY JOHN EDWARDS, COMMODITIES EDITOR

ANY DECISION on whether the S. and W. Berisford group will pursue its takeover bid for British Sugar is likely to be delayed still further.

Gordon Percival, Berisford director, admitted yesterday that progress was slow in talks with the Office of Fair Trading on the conditions demanded by the Monopolies Commission before Berisford would be allowed to go ahead with its bid. These were that it would agree to stop dealing in any Tate and Lyle products requiring the group to pull out of sugar merchanting and also run British Sugar as a separate subsidiary, with its own annual report and accounts.

"There'll be no quick decisions," Mr. Percival added.

Meanwhile Sir Gerald Thorley, chairman of British Sugar, in a letter to shareholders reiterated the Corporation's view that any takeover by Berisford would be contrary to interests of customers, employees, farmers and shareholders. He pointed out that the Monopolies Commission had made no criticism of British Sugar in its report, as well as finding the proposed takeover as no advantage to the public interest.

Sir Gerald confirmed that he and the BSC chief executive, Mr. John Beckett, had met Mr. E. Marguilies, chairman of Berisford, following publication of the Monopolies report. Mr. Marguilies had said the Berisford board still had to make up its mind whether to proceed with the takeover bid or sell its shares.

Ben Williams drops Denny deal

CLOTHING manufacturer Ben Williams said yesterday its plan to purchase for £500,000 P. Denny and Company, a subsidiary of Practical Uniform Company (PUC), has been abandoned. The deal, revealed nearly two months ago, would have provided for the payment of £50,000 in cash and the issue of 1.8m Ben Williams ordinary shares.

The original plan will not proceed because discussions have revealed what Ben Williams described as "various difficulties in the implementation of the plans."

These difficulties, coupled with the current economic outlook, have prevented the two parties from bringing their negotiations to a satisfactory conclusion.

The directors of Ben Williams and PUC remain convinced, however, of the need to continue the "recent close and active co-operation between the two companies" to develop their position in the market for both school and career wear uniforms. Ben Williams, has therefore invited two directors of PUC to join its board.

PUC, meanwhile, is to subscribe for an unsecured £50,000 10-year convertible loan bearing interest at 10 per cent with the right of conversion into 250,000 ordinary shares at any time during the term of the loan.

Conversion of the loan would increase the combined shareholdings of PUC and the Jubert family (who control PUC) from 216,905 shares (19.6 per cent) to 466,905 shares (34.57 per cent). This would increase voting rights from 16.3 per cent to 29.4 per cent.

Both boards expressed confidence last night of the logic of joint efforts in future.

Rudd takes stake in Setas

ROWE RUDD, which ceased being a stockbroker last month, has taken a 30 per cent stake in Setas which provides corporate finance and specialist investment services for corporate, institutional and private clients.

As well as expanding its existing activities, Setas intends to move more deeply into oil and gas investment through a new subsidiary, Setas Energy Management, based in London and with an office in Houston, Texas.

Originally, Setas was set up with hte aid of Touche Remnant, the investment management group which had a 40 per cent stake. Rowe Rudd has taken the bulk of this for an undisclosed sum, with Setas's directors buying the rest.

Mr. Ronald Monk, deputy chairman and chief executive of Setas, said the company was thinking of taking on other partners, possibly forming some sort of association with a Swiss investment bank.

Mr. Monk and family trusts own 70 per cent of Setas Group, with fellow-director Mr. Stephen Izatt owning the rest. This company in turn owns 70 per cent of Setas Ltd., in which Rowe Rudd now owns 30 per cent.

MARLER 'OFFER' TALKS HALTED

Marler Estates said talks which may have led to an offer for the company have come to an end.

The property investment and development company gave no reasons in its brief statement yesterday. Back in September last year it said approaches had been received which might or might not lead to an offer.

Negretti unconditional

Western Scientific Instruments has declared its bid for Negretti and Zambra, the scientific instruments group, unconditional, even though it has not quite achieved the 90 per cent acceptance level it was seeking.

Western announced yesterday that acceptances to date amount to 88.69 per cent. Once it gets 90 per cent it can acquire the balance compulsorily. The share price was unchanged at 27p on the stock exchange yesterday.

In respect of the preference offers Western has received acceptance totalling 93.3 per cent of the 9 per cent convertible preference shares and 92.26 per cent of the 3.5 per cent preference shares. Both remain open.

It was also announced yesterday that Negretti was not paying the interim dividend on either of the preference stocks

LONDON TRADED OPTIONS

(April 1 Total contracts 1,589)

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	390	5	22	25	17	32	—	372p
BP	420	1	—	13	—	18	1	"
BP	460	½	1	5	1	—	—	"
BP	500	½	3	3	—	—	—	"
Com. Union	140	30	—	35	1	38	—	169p
Com. Union	160	11	14	20	5	24	—	"
Com. Union	180	4	6	10	22	13	16	"
Cons. Gold	420	55	20	80	—	90	1	465p
Cons. Gold	460	21	31	50	26	72	23	"
Cons. Gold	488	7	19	—	—	—	—	"
Cons. Gold	500	—	—	33	19	50	3	"
Cons. Gold	550	—	—	15	48	28	8	"
Cons. Gold	588	1	—	6	41	—	—	"
Cons. Gold	638	½	6	3	—	—	—	"
Courtaulds	50	13	26	15½	—	18	—	62p
Courtaulds	70	1	—	3½	25	6	—	"
GEC	550	140	—	150	—	150	1	686p
GEC	600	90	2	100	16	113	—	"
GEC	650	37	283	60	3	78	—	"
GEC	700	10	31	31	34	48	20	"
Grand Met.	140	56	2	62	—	65	—	195p
Grand Met.	160	36	5	42	2	46	—	"
Grand Met.	180	16	16	25	4	31	1	"
Grand Met.	200	4½	—	11¾	26	17½	53	"
ICI	240	13	10	30	1	40	10	244p
ICI	260	3	6	17	7	32	—	"
ICI	280	¾	—	10	5	24	4	"
ICI	300	½	—	4	3	14	14	"
ICI	330	½	2	2½	—	—	—	"
ICI	360	½	—	1½	10	—	—	"
ICI	390	½	5	1½	—	—	—	"
Land Sec.	390	40	15	52	—	66	—	437p
Land Sec.	420	15	20	32	1	46	—	"
Land Sec.	460	1	—	12	16	23	—	"
Marks & Sp.	100	26	—	31	3	—	—	125p
Marks & Sp.	120	7	4	13½	2	18	—	"
Marks & Sp.	130	2½	20	8	—	12½	—	"
Shell	360	18	20	36	5	52	—	376p
Shell	390	6	20	20	—	30	—	"
Shell	420	1½	4	8	1	17	2	"
Shell	460	½	—	3	12	10	—	"
Shell	500	¼	—	2	3	—	—	"
Totals			613		539		157	

Option	Ex'rcise price	May Closing offer	May Vol.	August Closing offer	August Vol.	November Closing offer	November Vol.	Equity close
Barclays B'k	420	4	2	18	6	25	—	383p
Barclays B'k	460	½	—	7	10	—	—	"
Imperial Gp.	70	5	26	9	2	9½	—	72p
Imperial Gp.	80	1	—	3	—	4½	7	"
Lasmo	560	52	1	67	—	84	—	577p
Lasmo	600	24	1	44	—	70	—	"
Lonrho	90	8	5	15	21	18	—	93p
Lonrho	100	4	—	9	4	12½	19	"
Lonrho	110	1½	—	5	4	8	—	"
P. & O.	110	39	100	41	—	—	—	148p
P. & O.	120	29	—	33	—	36	2	"
P. & O.	140	11	76	19	11	22½	11	"
P. & O.	160	3½	27	8	17	13	—	"
Racal Elec.	360	39	6	53	16	66	—	383p
Racal Elec.	390	17	73	35	—	50	—	"
RTZ	454	30	5	—	—	—	—	466p
RTZ	494	11	3	—	—	—	—	"
RTZ	500	—	—	27	8	45	—	"
Totals			326		95		39	

INSURANCE RESULTS

Guardian Royal lifts profits 15% to £87m

UNDERWRITING losses reduced by over one-fifth from £13.6m to £10.6m, net investment income up 8 per cent from £82.4m to £89.4m, and life profits up £1.3m to £8.3m resulted in a 15 per cent rise in 1980 pre-tax profits of Guardian Royal Exchange Assurance to £87.1m against £75.8m.

After a slightly higher tax charge of £34.9m against £33.3m, net profit increased by nearly £10m from £40.8m to £50.5m.

Earnings per share rose from 32.4p to 40.1p and a final dividend of 9.5p makes a 15.5p total against 13.5p.

Premium income improved by 10 per cent in sterling terms to £726.3m, but the effect of exchange rate fluctuations was to reduce premium income by £60m and investment income by £8.2m.

Investment income also suffered from a sharp drop in profits of the subsidiary Broseley Property Holdings, the underlying growth rate of the investment income of insurance funds being around 21 per cent.

The solvency margin at end-1980 was 58 per cent compared with 52 per cent a year earlier.

The improvement in underwriting performance came mainly from the group's UK business, its major operating territory, where a profit of £7m was achieved against a break-even position in 1979.

GRE is the second largest motor insurer in the UK with 1½ million motorists on its books, and its motor account almost broke even last year after the heavy losses in 1979.

Better weather, a lower number of claims and the benefits of two rate increases last year brought about the improvement.

The household account in the UK had a satisfactory result, the group benefitting from its index-linking and a campaign to uprate sums insured. The commercial fire account recovered strongly in the second half after a spate of major fires in the first six months including the British Aerospace warehouse fire in January. This cost GRE £13m gross but around £1m net.

The group's small but growing involvement in the U.S. turned in a satisfactory result with an underwriting profit (rare for the U.S.) of £2.3m.

Last year's results included the figures of Midwestern Fidelity for the first time. The combined ratio was some 10 points better than the industry average—94 against 104.

Heavy losses were incurred in other operating territories. They rose to £1.8m in Australia, £2.6m in Canada, while in Germany they remained static in sterling terms at £5.2m, with severe commercial fire losses and continuing motor losses.

Losses in other territories rose from £6.9m to £10.3m, despite a strong improvement in France where losses were cut to £1m in a difficult year. GRE incurred heavy marine losses and hurricane Allen cost the group £1.5m.

The group was the main insurance company involved in computer leasing problems which hit certain Lloyd's syndicates. GRE strengthened its reserves against future claims by a further £1½m during the year to meet further claims arising.

Sun Alliance climbs by 40%

A ONE-THIRD reduction in underwriting losses last year from £26.4m to £18.4m together with a 15 per cent rise in investment income from £70.3m to £81.5m resulted in a 40 per cent jump in 1980 in pre-tax profits of the Sun Alliance Insurance Group from £49.2m to £69.3m.

A higher tax charge of £27.8m against £17.8m trimmed net profits growth slightly, these rising by one-third from £31m to £41.2m, with an earnings per share of 83.6p against 62.9p.

A final dividend of 18p is declared making 33p for the year, equivalent to £7.143p compared with 40p in 1979.

General premiums income rose by nearly 10 per cent from £546.1m to £599.2m, the underlying growth adjusted for exchange rate fluctuations being 16.3 per cent. The growth in investment income allowing for exchange rate changes was 20 per cent. The solvency margin at end-1980 was 95 per cent.

Premium income in the UK and Republic of Ireland, the main operating territory, rose by nearly 20 per cent from £318m to £374.2m, while underwriting losses were slashed fourfold from £16m to £4.5m.

The group is the largest household buildings insurer in the UK with strong building society connections. Last year the account returned to profit after several successive years of loss, reflecting a mild winter, the accumulative effects of index-linking of sums insured and a 20 per cent rate increase.

However, the UK content insurance account is still making heavy losses from underinsurance and the rising trends of thefts. The group has introduced a complex rating structure to combat the losses.

On the motor account the group has deliberately kept rates unchanged to recover, successfully, its share of the market. But sizable losses were incurred and a further rate increase could be made in the mid-year, the previous rate revision being made a year ago. The commercial property account remained profitable despite the general trend to heavier losses last year. Losses were incurred in the engineering and reinsurance accounts.

The underwriting profit rose in the U.S. from £600,000 to £1m with better results in the main property and casualty classes. Losses tripled to £3m in Canada, while in Australia, a deterioration in workers compensation sent underwriting losses to £6m from a marginal loss in 1979. In Europe underwriting conditions continued to be difficult with only Holland showing an improvement.

Lonsdale & Thompson upsurge

Lonsdale and Thompson, the Manchester based cash and carry organisation, reports profit improved by 73 per cent to £1.03m in 1980. Sales were up by 34 per cent from £70.2m to £93.5m.

This Vesty Group company says 1980 was a record year which saw a more disciplined control of stock levels reducing costs, the appointment of a new chief executive, Mr. A. D. Cunningham, the reshaping of the head office management team and the withdrawal from the Landmark buying association of cash and carry wholesalers.

Mr. Cunningham says a significant development in 1981 is the planned July opening of a 35,000 sq ft licenced trade supply centre in Manchester. In mid 1982 the company hopes to open a 44,000 sq ft cash and carry shop in North London, and by 1985 he aims for a turnover of £200m.

AMALGAMATED INDUSTRIALS

Amalgamated Industrials is passing the half year dividend due March 31 on the 4.9 per cent first preference shares, because of the continuing problems relating to the group's affairs.

Interest on the 6¾ per cent debenture stock 1989-94 will be paid.

L & G cuts underwriting loss

HIGHER investment income and lower underwriting losses resulted in the net profits of Legal and General Group advancing by one-third from £15.9m to £21.4m.

A final dividend of 6p per share is recommended, making 9p net for the year which, with associated tax credits, amounts to 12.856p per share compared with 10.857p.

The total surplus from the group's long-term funds amounted to £99.2m of which £14.2m (14.3 per cent) was transferred to profit and loss. This compares with a £14.5m transfer in 1979, of which £3.3m was an exceptional special payment related to a special bonus distribution to policyholders. The underlying growth rate in life profits was nearly 30 per cent.

Investment income rose by one-quarter from £21.4m to £27.1m, the figures having little distortion from currency movements. The rise reflects high yields obtainable on short term investments and the strong cash flow of the group.

General branch premium income increased by 8 per cent from £136.2m to £147.6m, while underwriting losses were cut by one-quarter from £20.9m to £15.5m. All three main areas showed improvement.

Losses in the UK were reduced by more than 50 per cent from £9.1m to £6m. L and G is a major insurer in the UK house building sector with strong building society connections. Better weather last year and a 20 per cent increase in rating improved this account. The motor account remained unchanged.

In Australia, losses were cut from £4.2m to £2.8m on a lower premium income reflecting the pruning of operations in that country. Losses of the reinsurance subsidiary, Victory Insurance, were also cut from £3.8m to £3.1m, despite the current weakness in the world reinsurance market. Victory is now benefiting from the strong reserving made in previous years.

The solvency margin at the end of 1980 was 82 per cent against 71 per cent at end-1979.

Income from other sources rose from £4.6m to £5.4m, the main contributor being the pensions management subsidiary. Here profits climbed from £2.8m to £3.5m, and total funds under management now amount to £1.7bn.

With - profit policyholders receive £85m of life profits and this is distributed in higher bonus rates for 1980.

On assurances, the rate applicable to the sum assured remains at £4 per cent, but the rate applied to attaching bonuses rises 20p to £5.40 per cent. Terminal bonuses on whole life and endowment policies are lifted from 30 per cent to 35 per cent of attaching bonuses, while under Cashbuilder the rate rises from 25 per cent to 30 per cent.

On self-employed pension contracts the reversionary bonus rate is improved 50p to £4.75 per cent of the basic benefit and attaching bonuses. But the terminal bonus rate remains at 40 per cent of attaching bonuses.

Similar increases are made for executive pension contracts and group pension contracts have higher bonus rates.

Provincial earnings rise

PROFIT BEFORE tax for 1980 of Provincial Insurance rose from £4.98m to £5.96m. At the half year stage the company made a pre-tax profit of £2.84m compared with £608,000 for the same period in 1979.

A marginal profit on the UK general underwriting account — non-marine—was offset by a substantial overseas loss and with continued poor performance in marine business the overall underwriting result was similar to 1979 they say.

A final dividend of 10p (9.13p) per 25p share has been recommended making a total of 17.5p (16p). The stated earnings per share emerged at 47.01p (38.24p).

Phoenix payment up

PRE-TAX profit of Phoenix Assurance for 1980 rose marginally from £32.1m to £32.2m, while premium income increased from £453.7m to £484.1m.

The directors say that the profit level was maintained despite adverse underwriting conditions in most major markets, particularly in North America and Australia.

At the half year stage profit before tax was £16.9m (£14m).

A final dividend of 8.4p (7.5p) per 25p share has been recommended making a net total of 14.9p (13.3p) for the year, an increase of 12 per cent. Stated earnings per share emerged at 27.8p compared with 30.4p. This level of dividends absorbs £9m (£8m).

The directors point out that a large proportion of Phoenix's business is generated overseas, so the strength of sterling ha distorted comparisons. Afte adjustment for currency fluctu tions general premium incon would have been 13 per ce higher. Unadjusted it was 5 p cent higher at £375.2

Investment income would ha advanced 18 per cent while u adjusted it was 10 per cent high at £49.8m compared w £45.3m. Long term premi income increased from £97 to £108.9m.

The loss in general underw ing rose from £14.1m to £20 with the UK and U.S. accoun for the bulk of the loss.

Premiums written n accident, marine and avia were up by 5.4 per cent £375.2m against £355.9m. increase would have been 13 cent after currency adjustm the directors say.

In the UK more favou experience in the fourth qu contributed to a home fire accident result marginally than that for the previous, they add.

The industrial fire accou profitable but house business, although impr towards the year end due mild winter and more re rates and sums insured, prod a loss.

A loss in motor was partly to the rising cost of de repairs and the high le personal injury awards.

The marine result reflec 1978 closed underwriting and includes provision heavier loss experience underwriting year 1979 be closed.

In the U.S. competition rates at inadequate levels inflation and increased frequency. The operating worsened from 101.6 to 10

The directors say substantial losses were re in Canada and Australia a results in Spain disappointing.

Denmark return to pro trading and Belgium an Netherlands showed im ment.

Long term business ad satisfactorily with life new assured exceeding £2.7bn

Life profits were compared with £3.1m in

Tax for the year took (£11.4m)

At December 31, 19 group net assets amounted per cent of general pr income compared with cent the previous year.

Eric Short explains why the results were, in the main, better-than-expected

Success lies in having the right UK portfolio

THE FOUR insurance companies reporting yesterday bring to an end almost the 1980 results reason — one which has foxed most stock market forecasters. The company results as they appeared have been either far worse or far better than anticipated.

The market was expecting poorish results from all four groups reporting yesterday — Guardian Royal Exchange, Legal and General, Phoenix and Sun Alliance. All were expected to show lower profits, but in the event only Phoenix failed to move ahead by a substantial margin.

The key to success in 1980 law in having the right UK portfolio and this has meant being strong in the housebuildings insurance market.

Last year saw several favourable features for this account. Firstly, the winter months were mild — no floods, few burst pipes. Secondly, the index-linking of sums insured and premiums has at last worked through — premium income is rising with inflation. Thirdly, insurance companies after keeping rates unchanged for over 50 years put them up by 20 per cent at the beginning of the year.

Sun Alliance is the largest and Legal and General the second largest building insurer in the UK, thanks to their strong building society connections. Sun Alliance at last recorded a profit in this account, after years of meeting subsidence claims, while L and G had a satisfactory result. These factors were instrumental in Sun Alliance cutting its UK losses from £16m to £4.5m.

With contents insurance, the position is reversed. The growing crime wave is resulting in much higher theft claims, and all four groups reported higher losses in this account. Phoenix, having a predominantly high proportion of contents in its domestic account, showed very little improvement in the UK, while marine losses meant that overall underwriting losses in the UK worsened.

Commercial fire losses soared last year in the UK. But these companies seemed to have avoided the worst impact, and all report profits on commercial fire. None of the four is heavily involved in liability business, which was the bane of other groups in the UK last year.

UK motor business last year was patchy. GRE, the second largest motor insurer, almost broke even on its account, from better weather and lower claims frequencies. Consequently profits in other accounts enabled GRE to record a substantial underwriting profit in the UK.

L and G had an unchanged position last year on UK motor, but Phoenix and Sun Alliance recorded large losses—the latter group deliberately holding down its motor rates to recover its share of the market.

Overseas, Phoenix made a sizeable loss in the U.S. through its connection with Continental. But GRE and Sun Alliance both recorded underwriting profits. The selective expansion in the U.S. is paying off compared with the losses incurred by those groups heavily involved in that country.

All groups involved in Canada were hit by tough market conditions, and recorded higher losses. But there are signs of realism returning to the market with rate increases made at the beginning of 1981 being accepted. Australia was also bad, with severe market competition. But L and G, having pruned its operations, managed to cut its losses.

L and G, which has the largest life interests of the four, saw the underlying trend of life profits rise steadily although a special payment in 1979 meant that actual profits were slightly lower.

Investment income remained buoyant with growth rates of between 15 and 20 per cent. Strong cash flow and high yields contributed to this growth.

The outlook for these four companies remains favourable. The absence so far of any severe weather augurs well for the UK accounts of Sun Alliance and Legal and General. UK motor business prospects remain uncertain.

All companies are holding back on rate increases, presumably to bolster their share of the market. Phoenix could be hit by the further downturn in the U.S., and it will take some time to turn around the Canadian trend.

The groups have all made substantial dividend increases, and the market reacted favourably, especially with Sun Alliance where the share price jumped 48p to 822p. The others recorded more modest rises of between 6p and 8p. L and G yields 5.2 per cent, Sun Alliance 5.7 per cent, GRE 6.4 per cent and Phoenix 7.7 per cent.

Lex, Back Page

HAZLEWOOD BUYS MANOR VINEGAR

Hazlewood Foods has exchanged contracts to acquire Manor Vinegar Brewery for £1m — £635,000 is payable in cash and the balance will be satisfied by the issue of ordinary shares in Hazlewood.

Manor, which is based in Burntwood, Walsall, is presently owned 40 per cent by H. J. Heinz and the balance is held principally by members of two families. The consideration payable to Heinz will be in cash and the other shareholders will be receiving a combination of cash and ordinary shares in Hazlewood Foods.

According to the audited accounts for 1980 Manor made a profit before tax of £203,000 and shareholders' funds were £581,000.

هكذا من الأصل

Weir £8m loss: capital reshape

BY JOHN MOORE

The Weir Group, Scotland's largest engineering concern, yesterday reported losses of £8.25m for its financial year ending January 2, 1981. In its previous financial year the group reported pre-tax profits of £2.08m. A major capital reconstruction is planned which the board has said is "vital for the future of the group."

Lord Weir, group chairman, has stepped down and become vice-chairman. To the board comes Sir Francis Tombs, who has succeeded Lord Weir as chairman.

Because of the poor results and the company's financial position the board is not recommending any dividend for 1980.

"The capital structure has been so seriously eroded as to jeopardise the confidence of customers which is vital to the group's ability to continue," shareholders are told in a circular sent out by the Weir board detailing the capital reconstruction.

Under the planned reconstruction:

- Weir will obtain £6.2m of new money by a rights issue of 24.9m convertible preference shares underwritten by Finance Corporation for Industry, the Scottish Development Agency, and Equity Capital for Industry.
- Weir will obtain £10m of additional share capital by the subscription of 40m preference shares by a dozen banks with a corresponding reduction in the group's indebtedness.
- The banks will grant the company cash and bonding facilities totalling £37.7m.
- Finance Corporation for Industry will defer to 1988 loan capital repayments of £1.6m due in 1981.

The reconstruction will reduce borrowings by £16.2m and the percentage of net borrowings to shareholders capital from 168 per cent to 65 per cent.

The banks involved in the reconstruction are: Algemene Bank Nederland NV, Bank Nationale de Paris, Bank of America NT and SA, Bank of Montreal, Grindlays Bank, Lloyds Bank, Lloyds Bank International, Swiss Bank Corporation, Bank of Nova Scotia, Hongkong and Shanghai Banking Corporation, Royal Bank of Scotland, and Williams and Glyn's Bank.

Sir Francis tells shareholders that "as part of the arrangements it was agreed that I should be appointed executive chairman and I accepted this position." This was at a board meeting on March 31. From 1977 to 1980 Sir Francis was chairman of the Electricity Council. He had previously been chairman of the South of Scotland Electricity board.

"In both these capacities I have had close links with the major suppliers of power generation and associated equipment amongst which the group features prominently."

Commenting on the background to the reconstruction he says that for a number of years "the group has been relatively under-capitalised. Over the last two years external and internal problems have weakened the financial condition of the group with borrowings increasing substantially and shareholders' capital declining from £48m to £26.1m at January 2, 1981."

In 1979 the group was seriously affected by nationwide industrial action as well as by internal disputes at Weir Pumps, the group's major subsidiary, and Catton and Company, the group's largest steel foundry.

In addition, the company announced its intention, in 1979 and 1980 respectively, to discontinue the operation of Weir-Pacific Valves and Alston Foundry, and O.H. Steel Founders and Engineers. Full provision was made for the closures in the 1979 accounts.

"These closures were necessary in the longer term interests of the group as the companies concerned were loss-making with little prospect of recovery. In 1979 these discontinued operations incurred operating losses of £2.1m and extraordinary costs relating to their closure of £7.7m."

These events "seriously affected profit and cash flow and had a severe impact on the capital structure of the company. As a result the group entered 1980 in a weakened financial state with shareholders' capital of £36.5m against net borrowings of £41.8m."

During 1980 "trading conditions became more difficult and manning levels in the group's continuing UK operations had to be reduced. In addition, major deficiencies were uncovered in the estimating and management reporting systems in Weir Pumps.

"Immediate remedial action was put in hand and management changes were made. In view of the group's difficulties it was agreed by the company, the banks, and by Finance Corporation for Industry (who have for some years provided secured medium term finance to the company) that full reviews be undertaken of the estimating and management reporting systems of Weir Pumps and of various other aspects of the group's operations."

While these were taking place the banks agreed to continue to support the group. "At the same time the banks obtained security by way of charges over the assets of the company and certain of its UK subsidiaries.

"An independent review was undertaken of the technical and marketing capabilities of Weir Pumps. This has been completed and its conclusions are favourable. A further independent review of the capital requirements and forecasting systems of the group was also undertaken and this has provided the basis for the proposed capital reconstruction."

During 1980 major redundancies in the group's continuing operations in the UK resulted in a reduction in manning levels of some 25 per cent and were made without disruption to production. Redundancy costs for 1980 totalled £2.8m. In a full year payroll costs will be reduced by some £10m.

Weir Westgarth has not secured any major new desalination contracts to follow those obtained prior to 1977, "and this has had an adverse effect on the group's balance sheet, as advance payments under these earlier contracts have been absorbed."

The costs associated with the extensive remedial action have been charged against the 1979 and 1980 results. However, despite adverse trading conditions in 1980, redundancy costs of £2.8m and interest costs of £7.3m, net borrowings at the end of 1980 were only £2m higher than at the end of 1979.

Even so the capital structure had been seriously eroded and could jeopardise "the confidence of customers which is vital to the group's ability to continue trading." A major capital reconstruction was necessary.

Pumps the great problem

Sir Francis tells shareholders that the most significant feature of the 1980 results in engineering activities, "is the adverse movement from 1979 of some £5.5m in the operating results of Weir Pumps before taking into account redundancy costs of £2m.

"This deterioration largely arose from serious problems which resulted in substantial cost overruns on major contracts and profit margins on original equipment sales being considerably lower than expected." The results include losses on contracts completed during 1980 and provisions made for anticipated losses on certain contracts still in progress at the year end.

The Weir Pumps spares and service business, representing some 50 per cent of its turnover, "held up well and made a worthwhile contribution."

Peacock Inc. of Canada, the other major company in the engineering division, showed an operating margin of 10 per cent on turnover, in line with its performance in 1979.

The steel foundry companies traded profitably at the operating level and, despite recessionary conditions more severe than in 1979, managed to show a small improvement.

"This comparison excludes the results of O.H. Steel Founders and Engineers, the closure costs of which were provided for in the 1979 accounts."

The performance of the "Polypac" hydraulic seal companies was similar to that in 1979 with good results continuing from the Italian company, although the value of these was eroded on the translation from Lire to sterling.

The pattern equipment companies increased their operating profits by some 20 per cent.

Trading profits of £2.3m (£2.7m) were recorded in the desalination and heat exchange division. "Existing contracts are nearing completion and during 1980 no new major contracts were obtained"

Among the principal associated companies, the Mexico-based group Acerlan SA de CV had serious operating problems at its new steel foundry, and incurred substantial losses in 1980 of which £1.7m is attributable to Weir Group. Steps have been taken to insulate the group from future losses.

Delas-Weir SA in France benefits substantially from its participation in the French nuclear power programme, "and this resulted in the company making its first major contribution to group profits."

Worthington-Simpson was adversely affected by the recession in the UK and the group's share of its profits before tax in 1980 was £0.7m (£1m).

On group prospects, Sir Francis says that a return to a satisfactory level of profitability "depends largely on the speed and the extent of the recovery at Weir Pumps. The board believes that the necessary action has been taken but some time must elapse before the full effect of this shows in the group's results."

In addition to the negotiation of the capital reconstruction the Weir board has already made certain minor disposals and is investigating the possibility of disposing of other activities peripheral to the group's major operations.

"Such disposals, while not necessarily increasing shareholders' funds, will reduce total borrowings and interest costs."

The capital reconstruction requires shareholders' approval and an extraordinary general meeting has been called for April 27.

EUROPEAN OPTIONS EXCHANGE

Series		June Vol.	June Last	Sept. Vol.	Sept. Last	Dec. Vol.	Dec. Last	Stock
GM C	$50	16	6	—	—	—	—	$53⅛
GM C	$60	2	1¼	—	—	—	—	"
			April		July		Oct.	
ABN C	F.280	3	13	—	—	—	—	F.291
ABN C	F.300	23	1.80	55	6	—	—	"
ABN C	F.320	2	0.20	—	—	—	—	
AKZO C	F.17.50	70	5	53	5.60	22	6.40	F.22.70
AKZO C	F.20	385	2.70	184	3.10	33	4.10	"
AKZO C	F.22.50	216	0.90	441	1.80	13	2.50	"
AKZO C	F.25	150	0.30	—	—	—	—	"
AKZO P	F.20	—	—	3	0.50	—	—	"
AKZO P	F.22.50	20	0.70	140	0.90	—	—	"
AKZO P	F.25	15	2.30	—	—	—	—	"
AMRO C	F.55	3	2.20	—	—	—	—	F.57.50
AMRO C	F.60	—	—	54	1.50	—	—	"
KODA C	$80	1	3¼ B	—	—	—	—	$81⅞
HEIN C	F.55	19	5.30	—	—	4	6.80	F.60
HEIN C	F.60	26	1.50	—	—	5	3.60	"
HEIN P	F.55	—	—	1	1.50	—	—	"
HEIN P	F.60	—	—	20	5	—	—	"
HOOG C	F.15	19	4.40 B	—	—	—	—	F.19.20
HOOG C	F.17.50	30	2.50	—	—	—	—	"
HOOG C	F.20	10	0.40	14	1.80	59	2.30 B	"
IBM C	$60	1	3¾	—	—	—	—	$62¼
IBM C	$65	50	1	—	—	—	—	"
IBM P	$65	—	—	15	4	—	—	"
KLM C	F.65	1	33	—	—	—	—	F.97.50
KLM C	F.70	8	28	—	—	—	—	"
KLM C	F.80	—	—	5	18.50	—	—	"
KLM C	F.90	58	10	19	14.70	—	—	"
KLM C	F.100	15	4.60	25	9 B	5	11.70 A	"
KLM C	F.110	87	1.30	69	4.50 A	15	7 A	"
KLM P	F.70	—	—	10	0.80	—	—	"
KLM P	F.90	131	2.20	1	5.40	2	8.80	"
KLM P	F.100	12	7	15	8.50	1	12.50	"
NATN C	F.115	2	8.50	—	—	—	—	F.122.80
NATN C	F.120	4	4	1	6.50	1	8	"
NATN C	F.125	—	—	7	3.20	18	5	"
NATN C	F.130	—	—	—	—	2	2.70	"
NATN P	F.110	—	—	—	—	3	1	"
NATN P	F.125	—	—	5	4.50	—	—	"
PETR C	Fr.5500	5	20	—	—	—	—	Fr.4780
PHIL C	F.15	56	5.50	7	5.50	—	—	F.20.30
PHIL C	F.17.50	667	3	92	3.40	24	5.20	F.20.30
PHIL C	F.20	1059	0.90	436	1.60	486	1.80	"
PHIL P	F.17.50	—	—	150	0.20	—	—	"
PHIL P	F.20	12	0.60	342	1.10	16	1.50	"
RD C	F.85	18	8.10	—	—	—	—	F.92.50
RD C	F.90	39	5.10	12	7.10	—	—	"
RD C	F.95	141	1.50	25	3.50	—	—	"
RD C	F.100	83	0.70	3	2.70 A	—	—	"
RD C	F.110	12	0.20	23	1	1	2.50	"
RD C	F.120	—	—	10	0.40	—	—	"
RD P	F.90	196	0.90	39	3.50	11	5	"
RD P	F.95	121	3.30	60	6.50	—	—	"
RD P	F.100	75	7.50	20	10	1	12	"
UNIL C	F.130	21	11.50	51	12.50 B	2	12 B	F.141
UNIL C	F.135	27	7 B	74	7.30	1	7.50 B	"
UNIL P	F.120	—	—	1	0.30	—	—	"
UNIL P	F.130	20	0.20	—	—	—	—	"
UNIL P	F.135	—	—	8	4	1	7	"
			May		Aug.		Nov.	
BASF C	DM.130	1	4.30	—	—	—	—	DM134.20
BASF C	DM.140	—	—	20	1	—	—	"
SIEM C	DM.240	—	—	4	12.60 B	—	—	DM246.60
VW C	DM.170	—	—	10	1.50	—	—	DM150.80

TOTAL VOLUME IN CONTRACTS 7123

A=Asked B=Bid C=Call P=Put

UK COMPANY NEWS

Grand Met watching Savoy battle

GRAND METROPOLITAN is keeping a close eye on Trusthouse Forte's strongly opposed £58m bid for Savoy Hotels, but will not decide on possible action until the legal situation is clear, Sir Maxwell Joseph, Grand Met's chairman, said yesterday.

"Everything depends on price," he said. "I don't think Forte or anyone else is going to get it for £58m." Grand Met, he added, was not the sort of company to "dash in and see earnings per share deteriorate too much."

The fate of THF's bid for the loss-making Savoy group will hinge on court action aimed at securing enough of the "A" share votes (51.5 per cent of the total) to overcome the Savoy board's control, through its heavy "B" share holding, of some 45 per cent of total votes.

"We are sitting on the sidelines," said Sir Maxwell. "We haven't made up our minds what to do at the present time. We are going to wait and see what the courts say.

"I am as determined as ever to build Grand Met into an even larger and more successful business."

Its activities cover brewing, milk, food, hotels, and leisure activities, and pre-tax profits rose nearly 12 per cent to £152m in the year to September 30, 1980.

Asked if possible references to the Monopolies and Mergers Commission might inhibit future bids—last year's offer for Coral Leisure was referred and lapsed—he said. "It is unlikely that we will make a very large acquisition in this country for that reason."

But he thought such a reference over the Savoy would be unlikely.

Castlefield declines at six months

PRE-TAX profit of the Castlefield (Klang) Rubber Estate for the six months to December 31, 1980 fell from £380,000 to £346,000, *on turnover up from £873,000 at* £1.02m.

The directors have based the trading surplus figure of £317,000 (£325,000) on an estimate of the full year, proportioned for the six months. The turnover for the *half year* includes £163,000 (nil) relating to produce purchased from neighbouring estates.

They also say the depreciation charge of £86,000 (£19,000) includes £67,000 relating to the new Bukit Beaut oil well.

Investment income for the six months was £145,000 (£108,000) and replanting expenditure calculated on a day-to-day accrual basis came out at £30,000 (£34,000).

The tax figure of £112,000 (£133,000) has been arbitrarily assessed and UK ACT has been ignored for the purpose of the estimated figures the directors say. Profit after tax emerged at £234,000 (£247,000).

Castlefield has become a subsidiary of Harrisons and Crosfield—after Harrisons recently bought part of the share capital of London Sumatra Plantations which had a holding in Castlefield.

The company produces rubber, palm oil and palm kernels on plantations in Malaysia.

Yearlings raise £11.35m

Yearling bonds this week totalled *£11.35m. The breakdown* of the authorities raising money shows Aylesbury Vale District Council (£1m), Metropolitan Borough of Bury (£½m), Shepway District Council (£½m), Welwyn Hatfield District Council (£½m), City of Carlisle (£1m), Cleveland District Council (£½m), Vale of Glamorgan Borough Council (*£½m*), *Borough of* Llanelli (£½m), City of Norwich (£1m), Preseli District Council (£½m), Rochdale Metropolitan Borough Council (£½m), City of Wakefield Metropolitan District Council (£½m), City of Glasgow District Council (£1m), Congleton Borough Council (£0.35m), Crewe and Nantwich Borough Council (*£½m*), *Northavon District* Council (£1m), North Warwickshire Borough Council (£½m), South Northamptonshire District Council (£½m), City of Cardiff (£½m), Newport Borough Council (£1m), Borough of Poole (£½m), London Borough of Southwark (£1½m).

Surrey Heath Borough Council *has raised £½m of 13½ per cent* Bonds dated March 26, 1986, fully paid.

Newbold & Burton outlook

Mr. V. F. Burton, chairman of Newbold and Burton Holdings, told the annual general meeting of shareholders that all the group's companies were now operating profitably.

Order books of two of the four companies were lower than *normal*, however, and margins remained very tight.

He warned that the continuing strength of sterling "suggests forward trading conditions are likely to remain difficult."

But Mr. Burton stressed that *the return to modest profit of the* group's largest company represented a significant turn round from last year's loss and should greatly assist the 1981 results.

He said the 1980 report had emphasised balance sheet strength and liquidity with net cash shown at £911,000.

"This increased to £1.2m at *the end of February*, which is equivalent to 29p per share, compared with a current market price of 43p against total net assets of 73p per share."

Deltight loss in first half

Specialist fastenings producer Deltight Industries fell to a pre-*tax loss of £233,000 for the half* year to October 31, 1980, against a profit of £195,554 for the corresponding period of 1979.

The directors say they have taken remedial action which should progressively eliminate losses and provide adequate funds for the group to take advantage of a return to normal trading conditions. But they are not recommending an interim dividend.

Group turnover increased from £2.55m to £2.66m. The taxable surplus was after interest charges of £103,348 (£35,900) but *was subject to tax of £85,350* (£84,000).

The company's shares are dealt in under Stock Exchange rule 163(2).

M & S Canada expansion

On sales of C$207.9m pre-tax earnings of Marks and Spencer Canada Inc for the 53 weeks to January 31, 1981, totalled $7.77m. This was a sharp advance on the results for the previous year *when taxable earnings amounted* to $3.3m from turnover of $170.6m.

There was an extraordinary credit of $2.95m ($950,000) for the 53 weeks being a reduction of income tax. Store closure costs totalled $807,000 (nil).

A breakdown of the profit figure shows M & S reduced its losses from $5.84m to $2.94m. People's profits increased from $3.8m to $5.33m and d'Allards earned slightly more, rising to $5.39m ($5.34m).

ARGO INVS.

The share register of Argo Investments is to be closed and the shareholders removed to the company's register in Canberra, ACT, Australia.

The board's decision is based on a number of factors *including the decline in the number* of stockholdings on the UK register, the expenses associated with maintaining the register and the need to effect administrative economies.

ANOTHER CALGARY GROUP SEEKS UK MONEY

Canadian oils keep coming

BY ALAN FRIEDMAN

"OIL AND gas is not only found in the ground. Oil and gas is found in the *minds of men.*" These are the words of Mr. Michael Read, a senior partner at UK stockbrokers W. N. Middleton and a director of yet another Canadian drilling fund which is seeking money from *London for exploration in North* America.

Mr. Read's vehicle is called Dorset Resources, but it has more to do with the rough-and-ready oilmen of Canada's west than with the traditions of Thomas *Hardy's Wessex.*

The company will make its formal debut next week. Its promoters—brokers de Zoete and Bevan and Middleton — are hoping to place 50 per cent of Dorset shares with UK institutions.

The terms of the offer are unusual. Instead of a set amount, Dorset will offer a minimum of 10m shares at *C$1 each and a* maximum of 20m shares. Included in each share "unit" is a warrant with which the Dorset shareholder may also purchase further shares at a price of C$1.20 each. This means that by *the expiration date for using* the warrants (in 1983) Dorset could have raised C$30m.

Although the share offer is not as straightforward as other recent issues, the company's approach is. Dorset is to engage *in joint ventures with a* Canadian exploration group called Northstar Resources. Northstar, founded three years ago, is a Calgary company which is listed on the Toronto and Alberta Stock Exchanges.

Dorset, likewise, is applying for a listing on these two exchanges.

The terms of the joint venture *provide for 89 per cent of the* proceeds to go into the ground in Alberta, Texas, California and other North American drilling ventures. Dorset will pay a 5 per cent commission to its various agents—Deacon Hodgson in *Canada and the UK stockbrokers.* Another 5 per cent will go to Northstar as "management fees" and a further C$200,000 will be paid out in legal fees and other expenses.

Mr. Read admitted yesterday that "by *UK standards* the expenses of the issue do appear to be high." But he said there were no hidden costs, whereas other recent Canadian issues had included carried interests and cheap share options.

The Dorset issue is not underwritten and the company has no record of earnings or dividends, *and no properties* or petroleum and natural gas reserves. But Mr. Read claimed that Northstar had a good reputation and the basic investment was in "people."

One of the most important factors in making the decision to *promote* Dorset was its property in the Austin Chalk area of Texas, a region with a history of successful drilling.

The Northstar group has a holding of 45,000 gross acres in the Austin Chalk region. In its *joint venture* with Northstar, Dorset will have an interest in 2,900 net acres. In addition, Dorset will have to pay 100 per cent of drilling costs; after pay-out it will receive 75 per cent of any revenues.

The president *of Dorset is* Mr. John Hagg, who is also president of Northstar. Another Dorset director is Mr. Michael Kanovsky, vice-president of Northstar. Northstar now holds 200,000 shares of Dorset and has promised to buy sufficient units to bring its holding up to 5 per cent of the share capital.

The Dorset prospectus states that "there may be situations which involve a conflict of interest for Mr. Hagg and Mr. Kanovsky as directors of both Dorset and Northstar, and for Northstar as a shareholder of Dorset and as the operator of the joint ventures."

But Mr. Read said this conflict was not a worry and occurred in other Canadian oil and gas deals.

One safeguard for investors, according to Mr. Read, was the provision that no more than 4 per cent of the proceeds could be committed to any one well. All of the wells would be selected and operated by *Northstar.*

During its three years of existence, Northstar has spent C$48.6m on exploration and development drilling. Last year it spent C$24.6m.

The Dorset placing could bring in C$20m in shares and a further C$10m from warrants.

Mr. Read said he found a fair degree of interest among UK institutions in his pre-selling tour last week. But he acknowledged that the London market had been hit with a number of similar issues, not all of them reasonable. He described the current market for new Canadian oil shares as "difficult," but voiced confidence in the success of the Dorset/Northstar team.

Macfarlane suffers from weakened margins

A LACK of sales growth and weakened margins in certain areas are blamed by Macfarlane Group (Clansman) for a fall in profits at the pre-tax level for 1980 from a record £1.67m to £1.22m. Current cost accounting reduces the profit to *£742,167.*

However, after a tax credit of £286,089, compared with a charge *of £642,213, the net balance* emerged £476,203 higher at £1.5m. Tax this time was reduced by a non-recurring release of deferred tax amounting to £619,990.

Because of the group's trading prospects and its strong cash flow the final dividend is being effectively increased from 1.84p *to 2p, which raises the total to* 3.7p net, compared with an adjusted 3.52p.

At midyear, when announcing taxable profits lower at £704,000 (£858,000), the directors said they intended to at least maintain the 1979 dividend level.

For the current year the Glasgow-based packaging and printing group is trading at similar levels to those experienced in the second half of 1980 *and this pattern is unlikely to* change materially during the remainder of the year.

The directors say considerable progress was made in 1980 in *broadening the range of the* group's activities and in improving its operating efficiency. They point out that the adequacy of its financial resources places it in a strong position to take advantage quickly of any im*provement in business.* The outlook for the group is "encouraging."

Turnover for 1980 edged ahead from £15.89m to £16.19m but trading profits fell back to £1.13m (£1.6m).

After an extraordinary debit of £67,278 (nil) and dividend payments, which totalled £419,373 (£366,220), retained profits came through at £1.03m (£660,148).

Stated earnings per 25p share *were considerably higher at* 14.44p (9.86p). If they had been calculated on earnings before crediting the non-recurring release of deferred tax they would have been 8.48p.

Commenting on the past year's results Mr. Norman S. Macfarlane, the chairman, says although trading was satisfactory in most group companies in the first quarter, a pattern of reduced demand from almost all areas of its business became apparent as the year progressed. The declining trend was particularly obvious in the whisky sector.

Expansion at Lornex nears completion

THE SHARP rise in capital spending disclosed in the latest annual report from the British Columbia copper and molybdenum producer Lornex is accounted for by the company's progress with a C$160m (£60m) expansion programme.

Lornex is a 68.1 per cent owned subsidiary of Rio Algom, which is in turn owned as to 52.76 per cent by Rio Tinto-Zinc.

Lornex's capital expenditure jumped last year from C$8.7m to C$95.8m, with around C$85m of this going towards a planned expansion of production capacity by more than two-thirds. The programme is expected to be *completed by the middle of this* year.

The company reported record net profits of C$65.1m or C$7.8? a share in 1980, despite a rise of 18 per cent in operating costs.

Lornex has renewed its existing copper sales contracts with Japanese consumers, which were *to expire in 1984, through until* the end of 1989, and has also agreed contracts for a substantial proportion of the planned increase in production.

UK COMPANY NEWS

Spirax asks for £10.5m injection

A £10.47m cash call is being made by Spirax-Sarco Engineering, the Cheltenham-based energy conservation equipment business. The issue, by way of 7.47m new ordinary 25p shares on the basis of one for four at 145p each, will be offered to shareholders registered March 27.

Mr. Anthony Brown, chairman, said yesterday the proceeds would be used to finance £2.25m of capital expenditure planned for 1981; also to reduce group net borrowings of £5.2m and to help Spirax-Sarco to continue its expansion at home and overseas.

"We want to be in as strong a position as possible to expand the business whether by organic means or otherwise," he explained.

The company also reported a small decline in last year's pre-tax profits, having fallen to £6.2m from £6.6m in 1979. Turnover was up to £41.7m (£38.5m) and earnings per share were 12.5p (12.6p). Total net dividend is held at 4.4p and the current year dividend would be not less than this amount on the increased capital, according to the chairman.

In the current year group order intakes in money terms, adjusted for the products deleted from the Drayton range, were only slightly below those received during the same period of 1980. The company was benefiting from the Drayton reorganisation, which included 340 redundancies last year.

The company's after tax profit was £3.9m, unchanged from 1979. But a £2.2m extraordinary debit—for currency losses and reorganisation costs — brought the attributable level down to £1.5m against £2.8m. After dividends, retained profits amounted to £191,000 (£1.5m).

Trading profit for the group was £7.4m (£7.2m). This was because the increase in overseas profits compensated for a decline at home. Some 54 per cent of group turnover and a similar proportion of trading profit occurred overseas last year.

The current cost pre-tax profit amounted to £4.5m.

The rights issue is being underwritten by J. Henry Schroder Wagg and brokers are Phillips and Drew.

● comment

Spirax-Sarco is a good name in an otherwise moribund sector. The company has a decade-long growth record, is involved in world-wide sales of energy conservation equipment and claims to have more than 50 per cent of the UK market in certain product areas such as steam traps. It had a healthy balance sheet before making this issue and will now be even stronger. Shortly after collecting the proceeds Spirax should have a cash surplus of £2m to £3m, but the group's efforts at penetrating various markets could absorb this and more. The shares moved up 5p yesterday to reach 183p. At this level the yield is 3.5 per cent and the fully taxed earnings multiple is 19.3, a premium of no small dimension.

Cliff's write-off policy pushes loss to £2.4m

In reporting a loss of £2.37m for the year to end-December, 1980, Mr. J. G. Cluff, the chairman of Cluff Oil, says in his annual report that this largely arose as a result of the cautious approach taken by the directors in writing off all exploration expenditure as it occurred.

He points out that this practice is not uniform throughout the oil industry since many companies capitalise all or part of their exploration expenditure. The loss for 1979 was £747,826.

The past year's deficit was struck after tax of £45,333 (£23,622), minorities of £835,113 (£49,279) and extraordinary items of £361,000 (£91,229).

The chairman says to enable the group to be involved in as many areas as possible the directors have arranged (as in the case of Australia, Hong Kong and in the immediate future, the U.S., Canada and Singapore) to raise equity capital locally, and thereby reduce the financial burden on shareholders of the company.

However, Mr. Cluff adds that the group will continue to deploy its funds directly in perhaps more high risk/high reward exploration areas, such as Central America where it is not practicable to raise money locally, and in the North Sea where the directors believe the future to be bright.

He concludes that with the seventh round award (the consortium in which the group has a stake has been awarded Block 12/28 in the Moray Firth) and numerous exploration and appraisal wells planned in Australia, America, Guatemala and the North Sea, he expects 1981 to see further progress.

The group's shares are traded in on the Unlisted Securities Market.

American Trust

After-tax revenue of American Trust Company rose from £1.65m to £1.89m in the year to January 31, 1981. Stated earnings per 25p share have improved from 2.05p to 2.33p, and the net asset value per share is up from 65.3p to 80.6p.

The final dividend is raised from 1.25p to 1.4p for a total of 2.1p compared with 1.85p.

Tax charged for the year was higher at £1.26m against £1.15m.

MINING NEWS

NSW coal development to be speeded up

BY GEORGE MILLING-STANLEY

THE DEVELOPMENT of the Singleton-Northwest coal district in New South Wales, Australia, is likely to be speeded up by yesterday's deal on the future of a rapid train loading facility at Mount Thorley, near Singleton.

The facility, currently owned by **Buchanan Borehole Collieries** (BBC), in which the Australian industrial and mining group CSR has a 92.65 per cent stake, is to be acquired by a new company, **Mount Thorley Coal Loading** (MTCL).

BBC will have a 44.36 per cent holding in the new company, with the remainder of the ordinary capital being divided equally between **R. W. Miller (Holdings)**, **Wambo Mining Corporation**, **Warkworth Mining** and **United Collieries**. This gives each of these four companies a stake of 13.91 per cent.

In addition, the **Joint Coal Board** will have one redeemable preference share in MTCL carrying voting rights of 20.2 per cent. BBC will have voting rights of 35.4 per cent, with 11.1 per cent going to each of the other four companies.

The loading facility, built by BBC in 1977-78, has a current capacity of around 10m tonnes of coal a year. CSR said yesterday that this would be expanded as required, and that provision had been made for the entry of new coal producers as their mines come into production.

Several leading companies are already involved in major coal mining projects in the area, the Warkworth district of the Hunter Valley about 150 miles north of Sydney, and a number of new projects are at a fairly advanced stage of planning.

Existing operations include a small open-cut mine at Liddell, owned by Coal and Allied Industries (CAIL), one underground and two open-cut mines operated by the BP-controlled Clutha Development, and a 500,000 tonnes a year underground and open-cut mine owned by Wambo. All this is in addition to BBC's current operations at Buchanan Lemington mines.

New developments include CAIL's Hunter Valley No. 1 mine, officially opened at the end of 1979, which has a planned capacity of 4m tonnes a year. A proposed No. 2 mine, with reserves of about 350m tonnes, is expected to come on stream in 1985.

A consortium called **Warkworth Associates** holds a lease with reserves of up to 1bn tonnes, and has already signed sales contracts with **Electric Power Development of Japan**. The consortium is led by **H. C. Sleigh** and **Costain Australia**, with the **Mitsubishi** group of Japan holding a significant minority stake.

Other companies involved in the area include **Peko-Wallsend, BHP, Consolidated Gold Fields of Australia, Dalgety Australia** and **R. W. Miller**.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals.

TODAY

Interims: Burgess Products, LWT.

Finals: Arcolectric, Armitage Brothers, Black and Edgington, Bridon, Bruntons (Musselburgh), Carpets International, Carron, Desoutter Brothers, James Dickie (Drop Forgings), Grampian Holdings, House of Lerose, J.B. Holdings, Ladbroke, Magnolia (Mouldings), William Morrison Supermarkets, Parambe, Queens Moat Houses, Austin Reed, Thurgar Bardex.

FUTURE DATES

Interim—	
Peters Stores	Apr. 8
Finals—	
Delta Group	Apr. 22
Dhami	Apr. 9
Finlan (John)	Apr. 7
Hambro Life Assurance	Apr. 14
Hawker Siddeley	Apr. 15
Lyle Shipping	Apr. 10
Portals	Apr. 8
Rock Darham	Apr. 10
Ruberoid	Apr. 9
Sindall (William)	Apr. 8
Taylor Woodrow	Apr. 9
Yorkshire Chemicals	Apr. 8

Botrest's uphill struggle

FROM an operating point of view, the BCL nickel-copper operation in Botswana, which is 85 per cent-owned by **Botswana RST** (Botrest) and 15 per cent by the Botswana Government, made good progress last year after having been dogged by technical problems in the past.

Financially, however, the venture's progress was checked by the crippling burden of interest charges on its big loans. It was rather like plodding up the steps of a downward moving escalator.

Higher production and sales at BCL coupled with improved metal prices resulted in a doubled 1980 operating profit for Botrest of P32.8m (currently equal to £18.8m). But increased loan interest of P49m had to be debited and the group came out with a loss of P13.5m compared with a loss of P16.5m in 1979. The accumulated deficit at end-1980 was P81.2m.

The Botrest chairman, Mr. J. W. Goth, who took over from Mr. Ian MacGregor last year, says that the losses are expected to continue in view of the interest burden and the extent of these losses will be influenced by metal prices which look uncertain. It is thus again stated that there is no hope of dividends being declared "for the foreseeable future."

The irony of the situation is the progress that has been made in overcoming technical problems: the completion last year of expansion projects which which resulted in production of the nickel-copper matte increasing by 33 per cent in the last seven months; the resumption of matte deliveries to the previously strike-bound refinery in the U.S. and the venture's big ore reserves and encouraging exploration results.

Last year also saw a further restructuring of the debts which has again deferred loan repayments to the main lenders. These include **Amax** and **Anglo American Corporation**, each of which holds just on 30 per cent of Botrest. A further 11.75 per cent is held by **Zambia Copper Investments**.

However, it is clear that far higher metal prices than those obtaining at present will be needed if the operation is ever to pay its way. Presumably its partners will persevere, partly in the hope of a metal price revival in the next year or so and partly because BCL has an important long term role to play in the development of Botswana's economy.

Gold seminar

WHILE SO much uncertainty surrounds the near term prospects, at least, for the bullion price, particular interest could attach to a new seminar, "World Gold Markets 1981-82." It is being presented by London's **Consolidated Gold Fields** and the Government Research Corporation of Washington at the Guildhall in London on May 18 and 19.

Speakers on the programme include Mr. Robin Plumbridge, president of Gold Fields of South Africa; Mr. R. S. Lawrence, president of the Chamber of Mines of South Africa; Mr. David Potts, editor of the annual survey on gold published by Consgold; Mr. Timothy Green; and Mr. Owen Horwood, the South African Minister of Finance.

Enquiries should be addressed to: Mr. C. G. Cassuto, of City-forum at 251a, Old Brompton Road, SW5. Telephone 01-370 3176.

INTERNATIONAL COMPANIES and FINANCE

Seagram considers rival bid for St. Joe

By Our New York Staff

SEAGRAM COMPANY, the Canadian distilling company, was yesterday considering its response to a counter-bid by Fluor Corporation to its $2bn offer for St. Joe Minerals Corporation.

Late on Tuesday, Fluor and St. Joe announced that they had *agreed to merge* in a deal which placed a value of $2.7bn on St. Joe. The deal will be financed 45 per cent in cash, and 55 per cent in Fluor securities. It amounted to a "*white knight*" rescue of St. Joe, which had bitterly resisted the Seagram bid to the point of putting up an elaborate defence and even threatening liquidation. But St. Joe welcomed the Fluor approach "with keen anticipation and confidence."

The arrival of a "white knight" was no surprise in Wall Street, though the identity caused something of a stir. Fluor, one of the world's leading process engineering companies, had not been mentioned as a likely contender, though it said after the merger had been announced that it had been interested for some time in establishing a stronger position in the natural resources area.

It was not clear immediately how Fluor would assemble the cash element for the deal — about $1.2bn — and there was some concern about the dilution of its stock through the envisaged exchange of shares.

Fluor shares were marked down in early indications yesterday. St. Joe stock has been suspended for several days because of the battle with Seagram, and is not due to resume trading until tomorrow.

More General Tire for Gulf and Western

By Our Financial Staff

GULF AND Western Industries, the U.S. conglomerate, has increased its ownership of General Tire and Rubber Company, the fifth largest U.S. tyre group and major broadcaster, to 3.08m shares, or 12.8 per cent

Of the total amount, 392,800 shares were purchased on the open market between February 27 and March 20 for a total of about $7.8m.

American Can plans sale of paper, forest assets

BY DAVID LASCELLES IN NEW YORK

AMERICAN CAN, one of the largest U.S. container and packaging concerns, yesterday announced an ambitious plan to sell operations which account for about a fifth of revenues and to use the proceeds "to pursue a new business direction."

The Connecticut-based company has recently been buffeted in all its main markets, exposing the weakness of its strategic position. There had been widespread expectation in Wall Street of a major anouncement, and the company's shares were suspended on the New York Stock Exchange earlier this week.

The first step in the restructuring will be the sale of American Can's paper and forest-based operations, which comprise consumer paper products such as napkins, basic paper-making resources and large forest holdings. These operations produced revenues of $1.1bn last year out of a total of $4.8bn. The company said the value of these assets was significantly understated and that thisi was an appropriate moment to sell them.

Proceeds will be used to strengthen remaining businesses and make a significant acquisition in a new area compatible with the less capital-intensive, service-oriented fields into which the company has been moving. Some of the proceeds may also be used to repurchase American Can shares.

Mr. William Woodside, the chairman, would not estimate how much the assets would realise, but he said he hoped the acquisition would be a "first cousin" to his company's existing operations, which include — apart from can making — *direct mail order*, prerecorded music products, and recycled aluminium.

Supervision for Canada insurer

BY JOHN MOORE

STRATHCONA GENERAL Insurance Company, a property insurance group based in Ottawa, Canada, has been placed under the supervision of the Federal Department of Insurance after running into serious financial difficulties. The group faces outstanding insurance claims of C$38m (US$31.6m).

Two major insurance brokers, Reed Stenhouse Companies, the largest Canadian insurance broker, and Marsh and McLennan Companies of the U.S., the world's largest insurance broker, are assisting the Canadian insurance authorities in winding down the company and ensuring that claims are met.

Strathcona has run into problems on collecting its reinsurances which are placed in London and elsewhere. It started life in 1978, and as an insurance group it pursued a policy of reinsuring most of its business in other markets.

So far C$3.5m of reinsurances are thought to be irrecoverable and this has created cash flow problems. About 7,000 policyholders are insured with Strathcona, which specialised in offering package insurance deals to small businessmen.

Response to the call by Reed Stenhouse for support of its winding down operation has been mixed. North American insurers are providing help, but overseas insurance concerns feel that it is the problem for the Canadian authorities.

Those who are supporting the scheme take the view that if help is not provided it may mean tougher government controls

Kobe Steel to buy 10% stake in Harnischfeger

BY OUR FINANCIAL STAFF

HARNISCHFEGER, the leading U.S. manufacturer of powered cranes and shovels, has agreed in principle to sell 1m of its shares, or a 10 per cent stake, to Kobe Eteel of Tokyo for $26m. Harnischfeger shares currently trade on the stock market at around $18 each.

If the agreement is approved by both Boards, Kobe would become the largest shareholder of Harnischfeger.

The agreement also calls for Harnishfeger to sell its Japanese patents and technology for certain construction equipment to Kobe for $22m.

Harnischfeger will continue to market construction equipment made by Kobe in the international market. Kobe has made construction equipment under a licensing agreement with Harnishfeger for 25 years.

Harnischfeger will use the proceeds of the deal to reduce its short-term bank debts, said the Board.

Harnischfeger climbed back to a $4.7m profit last year after turning in a deficit of $1.1m in 1979, when losses at its West German subsidiary hit the group.

BCRIC raises MacMillan offer

By Our Financial Staff

BRITISH Columbia Resources Investment Corporation (BCRIC) has raised its bid for effective control of MacMillan Bloedel, Canada's largest forest products company, to equal last week's rival offer from Noranda Mines. But BCRIC is offering C$56 a share cash for 6.2m common shares, while Noranda is offering C$56 in cash and convertible stock for 8.9m common shares and half the convertible preferred stock. Shares in MacMillan have been trading around the C$48 mark

BCRIC's bid, if successful, would increase its stake in the forest products company from 20 per cnet to 49 per cent.

Eurocredit for CNT increased to $360m

By Peter Montagnon, Euromarkets Correspondent

THE CONTROVERSIAL standby Eurocredit for France's state telecommunications agency, Caisse Nationale des Telecommunications, has been increased to $360m from $300m, according to the lead manager, Chemical Bank.

This was one of three loans increased yesterday. The others are the C$150m credit being arranged by Bank of Montreal for Spain's state railways, *Renfe, which is raised* to C$175m and the U.S.$400m credit for Malaysia which has now been set at $450m.

The CNT credit attracted attention because of its unusual escalating margin structure, whereby the spread above London inter-bank rates rises from a basic ½ per cent to ⅝ per cent as more of the funds are drawn.

It was intended to attract banks, the main concern of which, is to maximise their return on funds actually lent and the increase vindicates this strategy on the part of the borrower.

The banks in the deal, which has been organised on a club basis, represent a different geographical mix from those in the recent $1.2bn standby credit for Electricite de France, with a particular accent on German and Swiss banks as well as U.S. institutions.

They are Chemical Bank, Bank of Montreal, Bayerische Vereinsbank, Credit Suisse, DG Bank, Marine Midland, National Bank of Canada and Security Pacific.

It is, however, clear that some leading U.S. banks declined to participate because they felt the commitment fee of ½ per cent was too low. This was one of the main sources of controversy, attracting unfavourable comments on the credit in some market quarters.

The increase in the Renfe credit underlines yet again the attraction to banks of loans priced above Canadian prime. Of four credits syndicated for Spanish borrowers by Bank of Montreal on this basis no less than three have now been increased.

Canadian prime rate deals offer an attractive return to *banks with access to* domestic Canadian dollar deposits in much the same way as U.S. prime rate-based deals are cheap to fund for banks with operations inside the U.S.

The Malaysian credit met good demand because it is a rare borrowing by one of the most favoured names in South East Asia. It is managed by Bank Bumiputra Malaysia, Manufacturers Hanover, Lloyds Bank International and Bank of Tokyo.

Fox Film and Davis in talks on bid revival

By Paul Betts in New York

TWENTIETH CENTURY-FOX Film Corporation, the Hollywood film company, is holding talks with Mr. Marvin Davis on the surprise withdrawal of his $700m takeover bid.

The company said, however, that Mr. Davis had so far not renewed his offer. There has been speculation of attempts to revive the Denver oil billionaire's bid, which was abruptly withdrawn on the eve of a Fox board meeting which was expected formally to approve the deal.

Mr. Davis in February offered to acquire Fox for $60 a share, a proposal which surprised Wal Street. Late yesterday there were growing signs that progress was being made between Fox and Mr. Davis on reviving the deal.

Pressure is understood to *have been applied to* Chris-Craft Industries, Fox's largest shareholder with a 22 per cent stake. Chris-Craft had earlier agreed to sell its shares to Mr. Davis, but difficulties subsequently emerged between the oilman and Chris-Craft. This, among other so far undisclosed obstacles, apparently led to the sudden withdrawal of the offer.

MGM Grand results flat

By Our New York Staff

MGM GRAND Hotels, the hotel and casino company formed when the film operations of Metro-Goldwyn-Mayer were spun off, yesterday reported flat earnings in its second quarter and a decline in profits in the first six months of its current fiscal year.

In the latest quarter net earnings totalled $6.95m, or 22 cents a share, compared with $6.81m, or 21 cents, in the same quarter the year before. For the six months earnings were down from $17.1m to $15.3m, or from 53 cents a share to 48 cents.

The company said the figures did not take into account the financial impact of the fire at the MGM Grand Hotel in Las Vegas last November in which 80 people died.

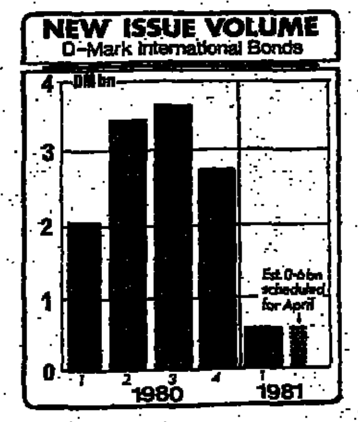
Germany reopens market with DM600m bonds

BY FRANCIS GHILES

THE APRIL calendar of foreign D-Mark bond issues was opened yesterday when Berliner Handles und Frankfurter Bank launched a DM 100m 10-year issue for the Council of Europe carrying a coupon of 10 per cent. The West German Capital Markets Sub-Committee agreed on a calendar of new issues of DM 600m, which could rise to DM 700m if the last issue in the queue, for the World Bank, due to be launched by Deutsche Bank on April 21, amounts to DM 400m instead of the initially indicated DM 300m.

Earlier in the month Dresdner Bank is expected to bring Finland to the market for DM 100m on April 7 and Westdeutsche Landesbank is to arrange a DM 100m issue for Norges Kommunalbank on April 21. A DM 100m private placement for Sweden could be arranged through Commerzbank on April 27, the date of the next sub-committee meeting, but this issue is not technically included in the April calendar.

The decision to reopen the D-Mark foreign bond new issue calendar brings to an end a 4½-month period during which an effective moratorium was imposed by the leading German banks on the issuing of such paper, at the request of the Bundesbank. Some exceptions were made in favour of supranational borrowers, however.



Banks present at yesterday's meeting said that the Bundesbank raised no objections against reopening the market for new issues, but insisted the volume of paper should remain reasonable.

The decision to close the market was taken last November, after a sharp fall in West Germany's net monetary reserves, itself the result of the weakening of the German currency against the dollar.

Earlier this year there was a large sell-off of D-mark foreign bonds, which the market found difficult to accommodate, but in recent weeks, as the gap between U.S. and D-mark interest rates has narrowed, some sense or order returned to the D-mark foreign bond market.

German dealers say that good quality names offering coupons of 10 per cent and above should have little difficulty in finding willing buyers, not least from abroad. Average yields on outstanding D-mark foreign bonds stand at just below 10 per cent. Secondary market foreign bond prices rose by a quarter of a point yesterday.

Two dollar bonds were launched last night. The first is a $50m three-year issue carrying a coupon of 14 per cent and an indicated price of par for *Toronto Dominion Bank* through Merrill Lynch.

The second, a $40m 14 per cent issue for the European Coal and Steel Community maturing in 1988 was launched yesterday by Morgan Guaranty, Salomon Brothers, Societe Generale and Swiss Bank Corporation. The bonds have been priced at 99½ and placed among a small number of banks.

Record IADB loan approvals

BY HUGH O'SHAUGHNESSY

THE Inter-American Development Bank reports a record of $2.3bn in loan approvals in 1980. Disbursements last year totalled $1.4bn and earnings $257m, also records.

During the year the bank increased its resources by $5.3bn under a programme to lift its capital stock by $8bn and its soft loan (Fund for Special Operations) resources by $1.75bn by 1982. The reluctance of the U.S. Congress to *authorise the commitment of* Washington's share of the new capital caused temporary postponement of loans but this is now being rectified.

The IADB borrowed nearly $460m in the world's capital markets and raised $50m in complementary financing.

The bank, which opens its annual meeting in Madrid on Monday — the first outside the Western Hemisphere — highlights its move into lending for oil and gas development, with a loan of $23.5m to Jamaica, announced just after the accession to the premiership of Mr Edward Seaga last year, and of $16m to Bolivia. Much more investment will be required in the energy sector, it warns.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday, April 14.

Closing prices on April 1

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco 13¼ 88	75	96⅞	97⅜	+0⅛	+0⅛	13.90
CECA 11½ 88	100	89¼	89¾	+0½	+1	13.83
CNE 12¾ 91	100	93¼	93¾	+0⅜	+0⅝	13.98
Citicorp O/S Fin. 10 86	300	85⅞	86⅜	+0⅜	+0⅞	13.86
Citicorp O/S Fin 12 87	200	92	92½	+0¼	+0¾	13.83
Con. Illinois O/S 9¾ 86	150	85	85½	+0¼	+1⅛	13.85
Danmark 11¾ 90	100	86⅜	86⅞	+0⅜	+1	14.45
Dupont Canada 13½ 91	65	97¼	97¾	+0⅜	+0⅝	13.96
EEC 11 95 (May)	75	82	82½	+0⅜	+1⅝	13.92
EEC 11 95 (August)	70	80¼	80¾	+0⅛	+0½	14.23
EIB 13¾ 90	100	97⅞	98⅜	+0¼	+0⅜	14.11
Eksportfinans 9½ 87	75	82¾	83¼	+0½	+1	13.67
Eldorado 13¼ 86	50	96⅞	97⅜	+0⅜	+0⅝	14.08
Elec. de France 10 88	125	83	83½	+0¼	+0½	13.77
Elec. de France 13 88	125	96⅞	97⅜	+0⅛	+1⅛	13.70
Export Dv. Cpn. 12¾ 87	100	95⅜	95⅞	+0⅛	+0⅜	13.83
Export Dv. Cpn. 9½ 86	150	84½	85	+0⅜	+0⅞	14.06
Fed. Bs. D. 12¼ 85 (N)	50	94⅜	94⅞	+0⅜	+1	13.84
Fin. Exp Credit 10½ 85	50	87½	88	+0¼	+0¾	14.52
Finland, Rep of 9½ 86	100	83	83½	+0⅜	+0⅝	14.46
Ford Credit O/S 14⅝ 83	150	99½	100	+0⅜	+0⅜	14.64
Ford Cr. O/S Fin. 16 84	150	103¾	104¼	+0⅛	+0⅜	14.16
Gaz de France 13½ 86	80	99⅛	99⅝	+0⅞	+1⅛	13.64
GMAC O/S Fin. 12 87	100	90⅜	90⅞	+0¼	+0⅛	14.26
GMAC O/S Fin 12⅞ 88	100	93	93½	+0⅞	+0⅞	14.47
Gen. Mtrs. O/S 11⅜ 87	100	89¾	90¼	+0½	+0⅞	14.15
GTE Fin. 13¾ 86 (WW)	50	99⅜	99⅞	+0¼	+0⅞	13.82
Hudson's Bay 11½ 90	75	86⅞	87⅜	+0½	+1⅜	14.05
IBM Wld. Trade 12⅛ 88	200	96⅛	96⅝	+0⅜	+0⅜	13.29
Newfoundland 13½ 90	60	97⅛	97⅝	+0⅛	+1⅛	14.01
Nova Scotia 10¾ 90	50	82¾	83¼	+0⅛	+0½	14.12
OKB 10 85	50	88⅞	89⅜	+0⅛	+0⅝	13.54
Ontario Hydro 13½ 91	100	97	97½	+0½	+0⅝	14.01
Quebec Hydro 11½ 92	100	85⅝	86⅛	+0⅜	+1⅛	14.05
Queb. Hy. 13 91 (WW)	100	94⅞	95⅜	+0½	+1⅛	13.97
Royleasa 11⅛ 85	50	91½	92	+0⅜	+1⅜	13.93
SNCF 12⅜ 85	50	96½	97	+0¼	+1	13.42
SNCF 13 91	75	94⅞	95⅜	+0⅛	+0⅜	13.92
Sven Handelsbk 13¾ 88	45	96⅞	97⅜	+0⅛	+0⅞	14.48
Sweden 12⅞ 85	150	95½	96	+0½	+1⅛	13.65
Swed. Ex. Credit 12 83	50	94½	95	+0¼	+0⅜	14.55
Swed. Ex Credit 13 86	75	95⅜	95⅞	+0⅜	+0¼	14.28
Tribune O/S Fin 14 86	50	98¾	99¼	+0⅛	−0⅞	14.28
World Bank 9¾ 85	200	88⅛	88⅝	+0⅜	+1	13.52
World Bank 10¼ 87	300	86	86½	+0½	+0⅞	13.65

Average price changes... On day +0⅜ on week +0⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asia Dev. Bk. 8⅜ 90	100	90⅞	91⅜	0	+0⅞	9.81
Australia 8⅜ 90	250	95	95⅜	+0½	+1½	8.89
Austria, Rep. of 8¼ 92	150	89½	89⅞	+0¼	+0½	9.80
CECA 7⅞ 92	150	88⅛	88⅞	+0⅜	+0½	9.56
CECA 10 91	120	101⅞	102⅜	−0⅞	−0⅛	9.63
Cil-Honeywell 8¾ 90	125	†91½	92¼	0	+0¾	9.72
EIB 8½ 90	200	92⅜	92⅞	+0½	+0½	9.73
EIB 10½ 91	200	102⅞	103⅜	+0⅞	+0⅜	9.97
ESCOM 9¾ 87	100	94⅜	95⅛	+0¼	+1¼	10.37
Iberduero SA 9 90	100	92⅞	93⅜	+1⅛	+2¼	10.14
Ind. Bk. Finland 8½ 90	50	90⅝	91⅛	0	+0¼	10.03
Int.-Amr. Dv Bk. 10 91	100	100¼	101¼	+0⅛	+0½	9.85
Japan Air Lines 8⅛ 87	100	92⅞	93⅜	+0⅞	0	9.53
Japan Dev. Bank 7⅜ 87	100	90⅜	90⅞	+0⅞	+0¼	9.66
Kobe, City of 8 90	100	90⅜	91⅛	+0¼	+1	9.49
Midland Int. Fin. 8½ 90	180	93¾	94½	+0½	+0⅜	9.51
Nuclebras 9¾ 88	100	89	89¾	+0⅜	+1	11.95
OKB 8¼ 92	150	89⅛	89⅞	−0¼	0	9.82
Oslo, City of 8¾ 90	80	96½	97	−0⅛	+0⅛	9.30
Venezuela, R of 9¾ 90	150	94⅞	95⅜	+0½	+0½	10.54
World Bank 8 90	700	88⅛	89⅛	+0⅜	+0⅜	9.84
World Bank 10 86	150	102⅛	102⅞	−0⅜	−1½	9.35
World Bank 10 90	200	100⅞	101⅝	0	−2⅛	9.78

Average price changes... On day +0¼ on week +0½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria, Rep. of 5½ 90	100	92½	92⅞	+0⅜	−0½	6.46
BFCE 6½ 91	100	101	101¼	−0⅛	−0⅜	6.34
Bayer Int. Fin 5¾ 92	100	91¾	92	+0⅜	+0⅛	6.26
Bergen, City of 6 90	50	95½	95¾	+0½	−0⅜	6.50
Ruhrm'n-Totterode 7 90	40	†101½	102	−0⅛	−0½	6.73
Copenhagen Tele 5¾ 90	60	91	91¼	0	−0½	7.06
Denmark 5¾ 90	80	92	92¼	+0⅜	+0⅜	6.93
Dome Petroleum 5¾ 91	100	95⅛	95¼	+0⅜	−0⅜	6.41
Elec. de France 5¾ 90	100	93¼	93¾	0	+1	6.15
Eurofima 5¾ 92	80	†98½	99	−0¼	−0⅜	5.90
F. G. H. Hypo. Bk. 6 90	50	†96	96½	−0½	−0⅜	6.55
Finland, Rep. of 5¾ 90	80	91½	91¾	+0⅜	+0⅛	6.86
Int.-Amer. Dev 7 90	80	100¼	100⅝	+0⅜	−0½	6.92
Japan Dev. Bank 5¾ 90	100	94½	94¾	−0¼	−0¼	6.52
Jutland Tele. 5½ 90	50	†90	90½	0	−0⅛	7.01
Mt. Blanc Tunnel 5½ 90	60	92⅜	93	+0⅜	+0⅛	6.51
Noweg 5¾ 90	80	94⅜	95	0	+0⅜	6.50
Norges Komm. 4¾ 91	100	†84½	85	+0⅜	+0⅜	6.41
OKB 6 90	100	†95½	96	0	−0⅜	6.64
Oslo, City of 4¾ 91	100	81½	81¾	+0½	0	6.88
Oslo, City of 5⅞ 90	80	93¼	93¾	0	−1	6.86
Philips Lamps 5¾ 92	100	91¼	91½	−0¼	+0⅜	6.33
Sekisui Pre. Hms 6 90	80	97¼	97½	+0¼	−0½	6.38
Trade. Dev. Fin. 6½ 90	50	95⅜	95⅞	+0⅝	−0½	6.78
Voest-Alpine 5¾ 90	80	93	93¼	−1⅛	−0⅜	6.75
World Bank 6 91	100	†95	95½	−0½	−0⅜	6.57

Average price changes .. On day 0 on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	93¾	94¼	0	0	8.41
Australia 6½ 88	20	87¾	88¼	0	0	8.91
EIB 7⅜ 88	12	93½	94⅜	+0¼	+0⅜	8.73
Finland 5.6 83	10	92⅜	93⅜	0	+0⅛	8.76
Finland 6.8 88	10	87⅞	88⅞	0	+0⅝	9.11
Finland, Rep. of 8⅜ 87	15	97⅞	98⅞	+0⅛	+0⅜	8.72

Average price changes .. On day 0 on week +0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	90⅝	91⅛	+0⅞	−0⅜	13.10
CIBC 13½ 86 C$	50	97½	97⅞	0	−0⅞	14.31
CIBC 11½ 85 C$	60	90⅝	91⅛	+0⅜	−0⅞	14.49
Federal Dev. 11⅛ 90 C$	60	†85⅜	86⅛	+0½	+0⅛	14.34
Fst. Can Inv 10 84 C$	50	†88⅜	88⅞	+0½	+0⅛	14.55
R Bk. Canada 10 86 C$	40	91½	92½	+0⅜	+0½	12.17
Tordom Con. 13½ 85 C$	30	†97¼	98	−0⅛	−0¼	14.27
M. Bk. Dnmk. 9 91 EUA	25	90	91½	0	−0⅜	10.47
SOFTE 8¾ 89 EUA	40	85½	86½	0	−0⅜	10.93
U. Bk. Nrwy. 9½ 90 EUA	15	96¾	98	0	−0⅜	9.85
Algemene Bk. 10¾ 86 Fl	60	97¼	97¾	+0¾	+0¼	10.92
Bk. Mees & H. 10 85 Fl	75	97¾	98¼	+0¼	+0¼	10.37
Heineken-NV 10 87 Fl	100	95¼	95¾	+0⅛	0	11.00
Nat. Nedrlndn. 10 86 Fl	60	94¾	95¼	−0⅛	0	11.67
Ned. Midd. Bk. 10 85 Fl	75	98¾	99¼	+0⅛	+0¼	10.22
Pierson 10¾ 86 Fl	50	98	98½	+0⅛	0	10.72
Aero Paris 13⅞ 87 FFr	150	93⅞	94⅞	0	+0⅜	14.88
Charb'nages 13⅞ 85 FFr	400	98¼	99¼	0	0	14.20
CECA 14¾ 86 FFr	150	99½	100½	+0⅛	−0¼	14.25
EIB 14⅛ 88 FFr	300	98¼	99¼	0	−0¼	14.39
Gaz de France 11 84 FFr	150	91⅜	92⅜	0	−0⅜	13.97
La Redoute 14⅜ 85 FFr	125	95⅜	96⅜	0	−0¼	15.31
OKB 14 86 FFr	400	98½	99½	0	−0⅜	14.27
Solvay et Cie 14¾ 86 FFr	200	101⅞	102⅞	0	−0¼	14.34
Utd. Mex. Sts. 14 85 FFr	150	96¾	97¾	0	0	14.39
Acona 14 85 £	20	95⅞	96⅝	+0⅛	+0⅛	15.31
Beneficial 14¼ 90 £	20	92¾	93¼	−0¼	−0⅞	15.55
BNP 13½ 91 £	15	96⅛	96⅞	+0⅛	−0⅜	14.15
CECA 13½ 88 £	20	96⅞	97⅜	+0⅞	+0⅛	14.18
Citicorp O/S 13½ 90 £	50	95⅞	96⅜	+0⅛	0	14.25
Fin. for Ind. 14½ 88 £	20	99½	100⅛	+0⅜	+0⅛	14.51
Fin. for Ind. 13¾ 87 £	20	97⅜	98⅛	−0⅛	−0⅛	14.25
Gen. Elec. Co. 12½ 89 £	50	93⅜	94⅛	+0⅛	−0⅜	13.78
Peugeot SA 14 90 £	23	94½	95⅛	−0½	−0½	15.04
Rothschild 14¾ 90 £	12	97¼	97⅞	+0⅛	−0⅜	14.71
Royal Trustco 14 86 £	12	98⅞	99⅝	−0¼	−0½	14.20
Swed. Ex. Cr. 13¾ 86 £	20	97¾	98½	−0¼	−1½	14.29
Banobras 8¾ 90 KD	7	†91½	92	0	+2	9.66
CCCE 8⅛ 91 KD	10	†82½	83	0	0	11.97
Sonatrach 8½ 90 KD	12	†94	94½	0	+2	9.88
Akzo 9¼ 87 LuxFr	500	86	87	−0¼	−2½	12.34
Euratom 9¾ 88 LuxFr	500	87⅞	88⅞	+1¼	−3⅜	12.35
Eurofima 10⅞ 87 LuxFr	500	92⅞	93⅞	+0⅜	−2⅜	12.50
EIB 9¼ 88 LuxFr	600	88⅞	89⅞	+0⅞	−2	12.13
Volvo 9¾ 87 LuxFr	500	85¼	86¼	0	−2⅜	12.82

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5¼ 87	0¼	99½	99⅞	2/7	16⅝	16.59
Bank of Montreal 5¼ 90	0¼	99¾	100¼	18/6	19½	19.30
Bank of Tokyo 5¼ 89	‡0¼	99	99½	25/4	19.31	19.46
BBL Int. 5 86	0¼	99½	100	20/5	16½	16.54
Bergen Bk A/S 6 89	‡0¼	†99⅛	99⅝	29/5	17⅛	17.23
BNP 5½ 88	‡0⅛	99⅝	100⅛	29/4	18.69	18.71
CNT 5¼ 86	§0¼	99½	100	16/4	13¼	13.28
Christiania Bk. 5½ 91	‡0¼	98	98½	5/6	17¾	18.17
Citicorp O/S F. 84	‡0	†98⅞	99⅜	30/4	15.44	15.57
C. Itoh 5¼ 87	0⅞	99½	100	18/9	15.44	15.48
Co-operative Bk. 6 86	0¼	97¾	98¼	15/5	15¼	15.56
Den Norske Credit 6 90	‡0¼	98½	99	6/5	17¾	17.97
Genfinance 5½ 87	0¼	99¼	99¾	30/4	15¼	15.20
Giro und Bank 5¾ 91	‡0¼	97¾	98¼	23/6	14.06	14.36
GZB 5½ 83	‡0¼	98⅞	99⅜	1/5	17⅞	18.33
Ind. Bank Japan 5¼ 87	0¼	99⅛	99⅝	15/4	13.31	13.40
Ind. Bank Japan 5⅞ 88	0½	98⅞	99⅜	9/4	13⅛	13.24
Lloyds Eurofin 8 90 £	0⅛	97	97½	3/7	14½	14.61
Lloyds Eurofin 5¼ 92	0¼	98⅝	99⅛	4/6	17¼	17.35
LTCB Japan 5¼ 86	0¼	100⅜	100⅞	13/6	20.79	20.66
Man. Hanov. O/S 5¼ 94	‡0¼	98½	99	30/6	17	17.22
Midland Intl. Fin 5¼ 92	0¼	98⅞	99⅜	5/6	17.19	17.34
Nacional Fin. 6⅛ 88	0⅛	99½	100	25/7	17¾	17.79
Nacional Fin. 5½ 88	0⅛	98¼	98¾	25/9	14⅞	15.10
Nat Bk Canada 5¼ 88	0⅛	98¼	98¾	24/9	5¼	5.3
Nat. West. 5¼ 94	§0¼	98	98½	14/4	13¼	13.49
Nat West. 5¾ 92	§0¼	98	98½	23/4	13.69	13.89
Nippon Credit 5¼ 87	‡0¼	99½	100	8/5	17.44	17.38
Sparebanken 6 87	0¼	99¾	100¼	19/6	19⅞	19.88
Standard Chart 5¼ 90	0¼	99⅝	100⅛	3/9	17.06	17.09
Svenska Hndlsbk. 5 87	0¼	99¾	100¼	15/7	17.81	17.81

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/81	23.12	96¾	97¾	−0½	29.5
Canon 6¾ 95	1/81	829	125¼	126¼	+5	5.20
Credit Suisse 4¾ 93	10/79	1278	97	99	−0¾	2.11
Digicon Fin. 8½ 95	10/81	29.5	104½	105¾	+0¼	5.95
Ina Overseas 8¾ 2000	4/81	42	105½	106¾	+0⅜	4.95
Inchcape Ltd. 8 95	2/81	4.55	97¼	98¼	+0⅞	2.5
Jaccs 7½ 95	11/80	565	134½	135¾	−1	11.0
Kotobukiya Co. 7 96	4/81	619	101½	102½	+1	+1.71
Marion Inf. Fin 9 95	12/80	15.5	88	89½	+0⅜	35.7
Matsushita El. 7½ 95	11/80	590	120¾	121¾	+4⅜	2.3
MEPC 8¾ 96	2/81	2.47	101½	103	−0½	7.9
Ninata Eng 7½ 96	1/81	327	108¾	109¾	+1½	6.7
Nissho-Iwai Co. 6 96	10/80	298	89	90	+2½	−3.7
Ricoh 6¾ 95	8/80	604	121	122	+1⅛	7.7
Sumitomo M. Ind. 7 95	2/81	181	121½	122½	−0¾	2.8
Swiss Bk. Cpn. 6¾ 90	9/80	200	83	85	0	10.6
Taylor Woodrow 8¾ 90	1/81	4.94	107	108⅞	+0⅞	−0.6
Tokyu Land Cpn 7¾ 96	4/81	325	97½	98⅝	−0¼	2.19
Transco Int. 8¾ 95	2/81	68	89½	91	−0½	35.8
Tricorp 8½ 95	12/80	31.25	89½	90½	−0¼	16.74
Union Bk. Switz. 5 89	2/80	121.4	82	84	0	−13.16
Fujitsu 5 84 DM	7/79	431.5	150¾	151¾	+6⅛	4.14
Sharp Cpn. 6½ 88 DM	9/80	595	158¾	159¾	+2½	−0.6
Uny Co. 6½ 85 DM	11/79	879.3	103¼	104¼	+0⅞	4.42

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Olivetti doubles income and increases payment

BY JAMES BUXTON IN ROME

C. OLIVETTI, the holding company of the Olivetti group, is raising its dividend from L100 to L140 per share, following the doubling of net earnings from L23.8bn in 1979 to L50.1bn ($48m) in 1980.

The results, which were anticipated by Sig. Carlo de Benedetti, Olivetti's vice-president, some weeks ago, are a landmark in the recovery of the Italian business machine and computer manufacturer. The holding company made a loss in 1975 and poor results continued until 1978.

Holding company turnover rose 22.1 per cent to L1,102bn and the company produced internal financing of L201bn. Group Consolidated turnover was L2,180bn, up 17.7 per cent from 1979.

The company succeeded in reducing its indebtedness by L110bn to L318.7bn. Late last year Olivetti announced the early repayment of about L37bn worth of medium-term pool loans which had been due for repayment in 1983.

In the first quarter of 1981 Olivetti maintained its progress with turnover rising 19.7 per cent to L298.5bn.

At the annual meeting in May shareholders are to be asked to approve a capital raising operation which will bring in L180.5bn in new funds, of which L60bn will be in savings shares and L120bn in convertible bonds.

Olivetti's improved performance dates from the arrival at its headquarters in Ivrea of Sig. de Benedetti three years ago. Since then the group has cut its labour force, rationalised its strategy and brought in the French concern St. Gobain Pont-a-Mousson as a major shareholder.

Operating efficiency has improved and the company has lately been acquiring stakes in small U.S. advanced technology companies to gain knowledge and market share. It recently agreed to take majority control of Hermes Precisa International, the Swiss typewriter manufacturer. The company aims to boost its business in the telecommunications sector, especially in the development of electronic switching technology.

Nixdorf earnings hit by expansion costs

BY STEWART FLEMING IN FRANKFURT

HEAVY COSTS associated with expansion have contributed to a sharp decline in the profits of Nixdorf, the West German computer manufacturer.

The company reported yesterday that its after-tax profit in 1980 was DM 42.3m ($20m) compared with DM 85m in 1979.

Sales rose from DM 1.25bn to DM 1.56bn, and the company says that in the first quarter of 1981 both sales and orders are up by 20 per cent.

Herr Heinz Nixdorf, the founder and chief executive, maintained that in spite of the decline in earnings the company had had an "excellent" year in the course of which its overall position had been strengthened.

Herr Nixdorf, who with his family controls around 70 per cent of the company, has strongly reaffirmed Nixdorf's intention to go public over the next two to three years and seek a stock market listing.

It is understood that some of the shares to be placed with the public come from the 25 per cent shareholding in Nixdorf held by Deutsche Bank. The bank describes Nixdorf's prospects as bright.

Nixdorf says the planned bourse quotation could be an asset should it decide to seek a technologically allied partner.

Last year there was a further rise in the proportion of Nixdorf's revenues coming from service and rental business which, it is expected, will contribute to the longer term stability of profits. In the first quarter of the current year for example, service and rental revenues amounted to more than 50 per cent of sales compared with little more than 25 per cent a year ago.

Evidence of the expansion which the company has undertaken in anticipation of future growth is contained in the sharp increase in the number of employees to 13,650 from 11,250 last year. Production capacity has been expanded and the sales organisation built up.

In 1980 the company put about DM 102m into fixed investment in Germany and a further DM 84m into new foreign plants. The company has operations in 31 countries and derives about half of its sales outside Germany.

Roger Boyes profiles a German steelmaker

Kloeckner upsets rivals

WEST GERMAN steel executives, normally a restrained and discreet breed, can scarcely conceal their irritation at the line currently being pursued by Kloeckner-Werke, the company that in their eyes is holding up agreement of a voluntary European pact curbing production.

Displaying the industry's uncanny knack for graphic, if mixed, metaphors, one manager recently confided: "You don't start playing poker on the edge of a crumbling precipice."

Kloeckner, of course, does not see the situation in quite these terms. Its opposition to a quick agreement is based on two principles: "First, the pact must impose equitable production curbs on all steel companies and must not be weighted in favour of those working with less modern plants. And, secondly, if the new "Eurofer" agreement is to make sense at all it should entail strict controls on old capacity as well as new.

Unless the agreement is equitable from the beginning, Kloeckner executives argue, it is doomed to collapse, just as Eurofer One did, unleasing a price cutting war. And again, if the central problem of overcapacity is to be tackled, the position of old versus new plants has to be resolved.

On the face of it, this sounds like a solid, altruistic message, and indeed the company views itself not so much as a blocker of agreements, but more as a crusader for common sense. Herr Herbert Gienow, the Kloeckner chairman, has expressed a general readiness to agree to Eurofer Two.

But underpinning what might be described as the voice-of-reason approach, there is a strong streak of self-interest. Kloeckner claims to have the most modern steel plants in Germany — little wonder that it is critical of old capacity — and it is particularly worried that its Bremen wide-strip works, which has only recently come on stream, will be stifled by a new quota system.

Under the Eurofer One scheme, production cutbacks were made on the basis of 1974 output, a good year for the whole of the German steel industry apart from Kloeckner whose Bremen works was not fully operational. Over the following years, Bremen was bound by the new quotas and operated at only some 50 per cent capacity.

Rival wide-strip mills have been operating at 70 per cent and in some cases 90 per cent capacity. Kloeckner calculates that for every 10 per cent under full capacity, the Bremen works is losing DM 100m ($47m) a year. For that reason, the company decided to break away last year from Eurofer One—sabotage it, according to the chief executive of rival Hoesch—and a price war resulted.

This was resolved, if only temporarily by the imposition of compulsory quotas. These too are now beginning to fail and Kloeckner is determined that any new voluntary system will not discriminate against it.

But the many Kloeckner critics in the German steel industry maintain that the company's stubbornness results essentially from strategic mistakes. Thus it is only in the past few years that Kloeckner has begun to diversify with real intensity out of crude steel production into manufacturing, and is still about 60 per cent dependent on steel output.

The company's ultimate aim is to get a 50-50 balance between steel and manufacturing. But until that is realised, the critics argue, Kloeckner is likely to be particularly sensitive to production curbs on certain steel products. By contrast, groups like Thyssen which are more involved in trading and services than in stright forward steel production, are far more compliant in talks on voluntary production curbs.

It has to be said in Kloeckner's defence, however, that although it has started to diversify relatively late, it has also become remarkably efficient in steel production. During the 1970s its workforce was reduced by a third and yet some 40 per cent more steel was produced. Net losses in 1979-80 were more than halved to DM 11.4m from DM 25.6m.

This recovery has come about partly through increased productivity, a cost-cutting programme and the introduction of new technology, in for example, the company's metallurgy division. But the dominating influence on Kloeckner's health has been the sweeping capital restructuring programme

This had four main objects. The reduction of the accumulated loss ("so that the mortgage of the past will not clutter the horizons of the future," according to Herr Gienow), the strentghening of reserves, the creation of new capital (some of which is to be used for further diversification) and an eventual (though still unspecified) resumption of dividends.

The restructuring halved the company's capital to DM 235m and then restored the equity balances with new capital. After the restructuring, the major shareholders were the Dutch group Industrielle Belegging Maatschappi and a consortium of 12 banks. A further 10 per cent is retained by Kloeckner and Company, which is wholly-owned by the Kloeckner and Herle families, and which also sells Kleckner Werke's steel.

This capital reorganisation sounds rather like the rescue package devised by German banks to shore up AG-Telefunken, the electronics group. But Herr Gienow stresses that the Kloeckner move was quite different in its goal if not its methods.

In the first place, Kloeckner has already more or less put its house in order—the group's latest operating results tend to support this—and, secondly, the fresh capital was needed for expansion (into machine construction and engineering sectors for example) rather than contraction.

The lack of production agreements at the European level means that some companies such as Salzgitter are losing as much as DM 10m-DM 20m a month on their steel producing divisions. That makes for bad blood in the industry and the other producers will try at today's meeting to put considerable pressure on Kloeckner to fall into line.

GERMAN STEEL INDUSTRY DIVERSIFICATION (1979 FIGURES)

	Steel output (m tonnes)	Turnover (DM bn)	Steel % of turnover
Thyssen	11.6	25.4	31
Hoesch	6.5	7.0	45
Krupp	5.4	12.8	41
Kloeckner	5.0	5.0	60
Salzgitter	4.3	7.2	34
Mannesmann	3.5	12.5	16

Dresdner Bank reduces dividend by a third

BY OUR FRANKFURT STAFF

DRESDNER BANK, the second largest West German bank, yesterday reported a sharp fall in parent company earnings and formally confirmed a cut in dividend from DM 9 a share to DM 6.

The news follows the announcement on Tuesday from Dresdner's main rival, Deutsche Bank, West Germany's largest bank, of an increased dividend and a 28 per cent increase in its operating result.

Dresdner's parent company earnings fell last year from DM 207m ($98m) to DM 155m, following a decline from DM 222.9m in the previous year. The dividend cut reduces the cost of dividends from DM 158m to DM 105m, allowing the bank to maintain a DM 50m allocation to reserves.

Earlier this year the bank, whose balance-sheet total at the end of 1979 stood at DM 121bn, announced a rights issue to raise DM 275m.

Dresdner has more than 1,000 branches worldwide. The group's full banking results are due to be unveiled later this week.

Pakhoed lifts profit and payout

By Charles Batchelor in Amsterdam

PAKHOED, the Dutch oil-handling, transport and property group, increased net profit in 1980 and proposes a higher dividend. The results of the tank storage and transport operations improved but large provisions were made against property activities.

Net profit rose 10 per cent to Fl 30.7m ($13m). The company proposes paying a dividend of Fl 3 per share, compared with Fl 2.70 the year before.

The company charged Fl 90m before tax against property projects and to make a provision for exceptional project risks.

The result of the Paktank division more than doubled because of the strong increase in demand for storage capacity. The build-up of strategic stocks played an important role while a number of power stations have switched from gas to fuel oil. Paktank has built up a strong contract position for both this year and next.

The operating result of Paktrans, the transport and distribution division, recovered last year after dropping in 1979. Pakhoed's U.S. activities, involving tank storage, dry bulk storage, and environmental technonology all improved and achieved a 37 per cent rise in profits.

Schindler trading margins stay under pressure

BY JOHN WICKS IN ZURICH

SCHINDLER, THE Swiss engineering group best known for its lifts, expects higher profits for 1980 but says trading margins remain unsatisfactory.

Net profits of the parent company rose last year from SwFr 11.85m to SwFr 12.96m ($6.75m). The board is to recommend unchanged dividends of SwFr 60 per bearer share and SwFr 12 per registered share and participation certificate.

Group turnover increased by 11.9 per cent to SwFr 1.41bn ($734m). Of this, SwFr 1.18bn was accounted for by the sale of lifts, escalators, mechanicial handling systems and railway wagons.

New orders rose by 19.5 per cent to SwFr 1.58bn. Orders for the major product groups increased by as much as 22.8 per cent to more than SwFr 1.35bn. In the first months of this year, orders have remained satisfactory. Together with re-organisation of Swiss production, this has led to "cautious optimism" for 1981.

The company's joint venture in China, China-Schindler Elevator, reports a "considerable" profit for its first half-year. China's reassessment of its economic programme involving some cancellation of orders, does not have any influence on the company's joint venture agreements, Schindler says.

● Two Swiss chemical companies, Ciba-Geigy and Sandoz, have signed an agreement which they say will "ensure a more flexible use of production capacities for dyestuffs in the U.S." Ciba is to acquire from Sandoz the outstanding 20 per cent stake held by Sandoz in the joint venture Toms River Chemical Corporation which is based in New Jersey, employs 950 people and manufactures and markets dyestuffs.

Modest progress at Agip despite sharp sales rise

BY OUR ROME STAFF

AGIP, ITALY'S state-owned company which produces, refines and distributes oil at home and abroad, has announced a modest increase in profits despite a 90 per cent rise in turnover for 1980.

Turnover for the holding company rose to L11,000bn ($10.5bn) from L5,777bn in 1979, mainly because of sharply higher oil prices. Profits went up from L16bn to L122bn, after allowing for depreciation.

Consolidated turnover of the group, which includes more than 50 operating companies, amounted to L22,000bn. These companies include subsidiaries handling exploration and production in 27 countries, as well as the two major distribution concerns, Agip Petroli, which reported a 51 per cent sales increase earlier this week, and IP, the former Shell distribution operation in Italy taken over by Agip.

VONTOBEL EUROBOND INDICES
14.5.76=100%

PRICE INDEX	24.3.81	31.3.81	AVERAGE YIELD	24.3.81	31.3.81
DM Bonds	89.76	89.77	DM Bonds	9.801	9.802
HFL Bonds & Notes	90.92	90.83	HFL Bonds & Notes	10.783	10.801
U.S. $ Strt. Bonds	84.76	84.05	U.S. $ Strt. Bonds	12.817	12.986
Can. Dollar Bonds	88.39	88.07	Can. Dollar Bonds	12.692	12.769

Foreign banks in Japan warned on lending policy

BY RICHARD C. HANSON IN TOKYO

A SENIOR Japanese Ministry of Finance official yesterday warned that foreign banks should be "more careful" in their lending activities in Japan.

Mr. Takehiro Sagami, Vice Minister of Finance for International Affairs, said he had received a report on foreign bank involvement in a recent string of financial collapses, all of which were related to large losses from unsuccessful stock market speculation.

"We would like foreign banks to be more careful (in lending to companies) and strengthen their examination of potential borrowers," Mr. Sagami said.

He said the Ministry did not plan to take any special measures as a result of the recent involvements and has so far limited its activities to information gathering.

Osaka Shoken Shinyo, an Osaka securities financing company, and three members of the Hokkaido based Iwasawa business group were placed in financial jeopardy last month after a stock market speculating scheme had become unravelled in February. Foreign banks had lent the companies large amounts of money, much of it secured with stocks whose value had since collapsed.

About 14 foreign banks combined to lend some Y20bn ($104bn) to Osaka Shoken Shinyo, and about the same number lent Y22bn to the Iwasawa companies.

One of the foreign banks involved, Seattle First National Bank, has already announced that it will make a $4.8m charge against profits in its first quarter as a result of its involvement in Osaka Shoken Shinyo.

Toyota Motor to expand in Australia

By Our Tokyo Correspondent

THE TOYOTA MOTOR GROUP is to spend A$46m (U.S.$54m) to build a second body pressing plant in Australia to improve its competitive position there.

Toyota Manufacturing Australia, a subsidiary producing engines and bodies, will more than double its body capacity from 2,500 units per month to 5,500 per month by 1983. Its first body plant went into operation late last year.

The additional capacity will further reduce the cost of shipping parts from Japan. About 85 per cent of the content of foreign cars in Australia is procured locally.

Toyota also started work on an aluminium foundry last year, due to be completed in 1982.

Last year Toyota assembled over 40,000 passenger cars in Australia with its joint venture partner, Australian Motor Industries, taking a 16 per cent share of the market for cars and trucks.

Australia has received Toyota's largest overseas investment so far. Including the new plant, Toyota will have spent about Y21bn (U.S.$99m) for plant and equipment there.

Nippon Miniature Bearing to absorb four affiliates

BY YOKO SHIBATA IN TOKYO

NIPPON MINIATURE BEARING (NMB), a leading manufacturer of precision micro-bearings, which has been actively expanding at home and abroad, is to take over four affiliated companies on October 1.

The companies are: Tokyo Screw, with sales in its past fiscal year of Y11.9bn ($56m); Shin Chuo Kogyo, an electric appliances maker with annual sales of Y3.5bn; Shinkoh Communication Industry, an electronic measuring instrument maker with annual sales of Y6.4bn; and Osaka Sharin Seizo, an automobile wheel-maker with annual sales of Y1.4bn.

Tokyo Screw, Shin Chuo Kogyo, and Shinkoh Communication, are listed on the second section of the Tokyo Stock Exchange and Osaka Sharin is listed on the second section of the Osaka Stock Exchange.

NMB is known for expansion into other industries. The company sees limited scope for growth in bearings because of heavy competition in the industry, and trade friction over exports.

Since 1974, NMB has acquired controlling shares in the four companies and has helped them out of financial trouble with financial, personnel, and technical assistance. The companies are now paying dividends.

If the merger goes through, NMB expects sales to reach Y100bn ($473m) in the year to September 1982, compared with Y45.1bn in 1979-80. NMB's capital would amount to Y7.68bn on October 1, 1981.

The company's foreign share ownership accounts for 21.4 per cent of the total, most of which is held by NCB Trust of the UK.

● Nippon Life Insurance Company, a leading Japanese insurer, is to establish a wholly owned real estate investment subsidiary in the U.S., reports AP-DJ from Tokyo.

The subsidiary will be initially capitalised at $300,000, with its head office in New York. Mr. Gentaro Kawase, managing director of Nippon Life Insurance, will become president of the new company, but will remain in Japan.

Triomf and Occidental venture called off

By Bernard Simon in Johannesburg

NEGOTIATIONS between Occidental Petroleum of the U.S. and Triomf Fertilizer Investments of South Africa, to set up a joint phosphoric acid marketing venture have been terminated, Mr. Louis Luyt, Triomf's chairman said yesterday.

Mr. Luyt said he and Dr. Arnaud Hammer, Occidental's chairman, had signed letters of intent to establish the venture, but these have not been ratified by Triomf's board, on the grounds that "such alliance would be to the detriment of Triomf in certain of its established markets."

Triomf owns a phosphoric acid plant at the South African port of Richards Bay with a production capacity of about 400,000 tons a year. Like other phosphoric acid producers, the company was adversely affected by ex-President Carter's embargo on sales to the Soviet Union. The embargo resulted in large surpluses, particularly in South America which is Triomf's largest market.

The termination of negotiations with Occidental is believed to stem partly from fierce competition between the two companies in Brazil. Mr. Luyt said that Occidental had sold phosphoric acid "at a low price" in the south of Brazil.

He denied reports that Triomf's phosacid plant is operating well below capacity. He said current production was 1,450 tons a day, adding that Triomf remains Brazil's largest supplier.

U.S. move for Abercom offshoot

By Quentin Peel in Johannesburg

DAVIDSON INTERNATIONAL, the fan manufacturing group, based in London but wholly owned by Abercom, the diversified South African engineering group, is to expand its operations in the U.S. through the acquisition of the industrial products division of American Standard.

Davidson has reached conditional agreement with American Standard to buy a factory in Dearborn, Michigan, and certain liabilities for R4.8m ($6.3m) in cash. The factory manufactures heavy duty fans and fluid drives.

The international fan division is the largest within Abercom, and includes operations in Belfast, London, France and Australia, as well as a small subsidiary already operating at Pittsburgh in the U.S. Turnover is estimated at around R60m in the current year.

Mr. Peter Herbert, chairman of Abercom, said the deal, which he expected to be completed by the end of the month, would have no material effect on Abercom earnings in the year ending in June, but "it does mark a significant step in the development of our fan business worldwide."

Abercom raised its net profit by 39 per cent to R6.2m ($7.8m) in the six months to December, and forecasts further, appreciable growth in the current half.

Suspension lifted on Elder shares

By Our Sydney Correspondent

THE ADELAIDE Stock Exchange has completed its inquiries into the circumstances surrounding the attempted take-over of Elder Smith Goldsbrough Mort, the industrial group, by the Bell Group, headed by the West Australian businessman, Mr. Robert Holmes L'Court, and the share market activity stimulated by the successful defensive action.

Its conclusion is that it can take no action until the South Australian Corporate Affairs Commission has completed its investigations.

The Exchange has consequently lifted, from today, the suspension on trading in the company's shares. Trading in the capital of Henry Jones (IXL), the company which on Monday announced a merger with Elders, to form a concern with a combined market value of some A$470m (U.S.$546m), will also recommence today.

The Exchange decided that a protracted suspension of trading in the companies was not in the best interests of shareholders.

The quiet end to the affair was in contrast to the Exchange's opening shots in the inquiry, when it complained about the Bell Group's withdrawal from its partial bid for Elders.

The Bell Group had made an offer for 42 per cent of Elder's capital, valuing the company at A$240m, but sold out its 19.9 per cent at an A$16.5m profit, after a spirited defence was mounted.

Two groups, only one of which has at this stage been identified, each acquired 19.9 per cent of the company's capital leading to the allegation from many sources that they acted in concert and should therefore make an offer for all the remaining shares.

Trans Australia Airlines to be a public company

BY OUR SYDNEY CORRESPONDENT

TRANS AUSTRALIA Airlines is to be turned into a public company, the Australian Government announced yesterday. This is the first of the several moves expected to liberate statutory authorities from the grip of the public service.

Mr. Ralph Hunt, the Transport Minister, also said that in future TAA's fares, and those of its private enterprise competitor in Australia, Ansett Airlines, would be determined by an independent tribunal.

The decision, he said, had been made so as to make TAA "more competitive," but the full details on the proposed share structure would not be settled for about a month.

The Government was considering a number of options, and left the impression that these ranged from a total sell-off to maintaining a majority stake. "It is far too early to make a statement on that," he said.

One argument here is that the Government will maintain a majority stake if only to prevent Ansett Airlines, half-owned by News Corporation, taking it over.

The decision has particular significance for British Caledonian, for a new owner of TAA could enable it to pursue the idea behind the deal it had almost negotiated with Ansett for a link on the Britain to Australia run. In the end Ansett decided to opt for a link with British Airways.

The Government also announced a reduction of about 5 per cent in air fares from Perth to Melbourne and Sydney, and increases of 14 per cent in the Sydney-Melbourne fare and of 38 per cent for Sydney-Canberra.

Clal profit more than trebled

By L. Daniel in Tel Aviv

CLAL—a private holding company controlling 150 industrial, construction and commercial companies—reports a record net profit for 1980 of Sh 280m ($33m). This is more than treble the 1979 profit and is attributed by the company to its policy of diversification.

Profit per Sh 10 share came to Sh 34.37. A one-for-one stock split is proposed in addition to the 20 per cent cash dividend already paid as an interim. The dividend in 1979 was 14 per cent and a scrip distribution of 44 per cent was made. Similar dividends will be paid by those subsidiaries listed on the Tel Aviv Stock Exchange.

The balance sheet total grew by 130 per cent (or roughly the rate of inflation) to Sh 3.35bn ($391m). Income rose by 157 per cent to Sh 2.43bn and exports in nominal dollar terms grew by 66 per cent to $133m.

Companies and Markets

CURRENCIES, MONEY and GOLD

£ & $ ease

Dollar continued to lose ground in currency markets yesterday in quiet and featureless trading. Euro-dollar rates showed a weaker tendency. The effects of tension in Poland and an attempt on U.S. President Reagan's life, appear to have died down.

Sterling showed little overall change, but drifted slightly in a market lacking any definite trend.

Within the European Monetary System, the Belgian franc showed signs of recovering, helped by the latest sharp rise in interest rates. Figures released yesterday showed that the Belgian authorities had spent about BFr 37bn (£480m) in support operations in the last week alone, and an estimated BFr 110bn (1.4bn) this year. The D-Mark remained the firmest currency, and the Belgian franc the weakest.

STERLING — trade weighted index (Bank of England) rose to 100.2, a level held at all three of the day's calculations, and compared with 100.1 on Tuesday. Sterling opened at $2.2425 against the dollar, and reached a best level of $2.2455 during the morning, before coming back slightly on dollar demand. It closed at $2.2385-2.2395, a fall of 55 points, having traded within a narrow band of $2.2370-2.2455. Against European currencies sterling finished slightly weaker at DM 4.71 from DM 4.7250 and FFr 11.1150 against FFr 11.1450.

DOLLAR — trade weighted index (Bank of England) rose to 100.0 from 99.8. The dollar finished at DM 2.1030 against the D-mark compared with Tuesday's close of DM 2.1050 in quiet and dull trading. In Swiss franc terms it finished at SwFr 1.9210 against SwFr 1.9225, but rose against the Japanese yen to Y212.20 from Y211.25.

DEUTSCHE MARK — One of the strongest members of the European Monetary System, helped by a sharp rise in West German interest rates and the introduction of a special Lombard facility. Previously the Deutsche Mark had been depressed by high foreign interest rates, and a continuous balance of payments deficit. Tension over Poland remains a market factor—The Deutsche Mark was firmer at yesterday's fixing in Frankfurt, with the dollar slipping to DM 2.0966 from DM 2.1018, and sterling lower at DM 4.7010 compared with DM 4.7840. Within the EMS the Belgian franc rose for the second day running to DM 6.116 from DM 6.103 per BFr 100. The French franc eased to DM 42.38 per FFr 100 from DM 42.39 and the Dutch guilder was lower at DM 90.245 per Fl 100 against DM 90.30 on Tuesday. Trading for most of the day was quiet and uneventful.

ITALIAN LIRA — Remaining steady around the middle of the EMS after the latest economic package. The latter included a 6 per cent devaluation of the lira against its EMS partners, and a two and a-half point rise in the discount rate to 19 per cent. The Italian unit had previously been the weakest member of the system—The lira was firmer against its EMS partners yesterday, and was also stronger in terms of the dollar and sterling. The U.S. unit fell to L1,045.8 from L1,048, and sterling was lower at L2,344.55 compared with L2,353.25. Within the EMS, the D-Mark was unchanged at L498.85, while the French franc eased to L211.30 from L211.35. On the other hand the Belgian franc was firmer at L30.504 from L30.443.

THE POUND SPOT AND FORWARD

April 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2370-2.2455	2.2385-2.2395	0.20-0.30c dis	−1.34	1.00-1.10dis	−1.87
Canada	2.6470-2.6560	2.6485-2.6495	1.05-1.15c dis	−4.98	2.85-3.00dis	−4.42
Nethlnd.	5.19½-5.27½	5.22-5.23½	1⅝-⅞c pm	2.01	3-2 pm	1.91
Belgium	76.80-77.30	77.15-77.25	140-160c dis	−23.32	170-200 dis	−9.59
Denmark	14.76-14.83	14.81¾-14.82¾	1⅞-3ore dis	−1.77	7½-9⅞ dis	−2.26
Ireland	1.2850-1.2920	1.2885-1.2900	0.09-0.22p dis	−1.44	0.22-0.36dis	−0.90
W. Ger.	4.68-4.72	4.70½-4.71½	⅛pf pm-⅛ dis	−0.32	par-½ dis	−0.21
Portugal	126.40-127.20	126.60-126.80	15c pm-65 dis	−2.37	5-185 dis	−3.00
Spain	190.10-191.00	190.20-190.40	25-50c dis	−2.68	160-220 dis	−4.00
Italy	2,340-2,347	2,344½-2,346½	13½-15½ lire dis	−7.42	43-46 dis	−7.59
Norway	12.02-12.06	12.04-12.05	¾ore pm-1 dis	−0.12	½ pm-1½dis	−0.17
France	11.06-11.12	11.11-11.12	¾-1¾c dis	−1.35	3¼-4¼ dis	−1.35
Sweden	10.26-10.29	10.26½-10.27½	2¾-3½ore dis	−3.65	7¾-8⅝ dis	−3.19
Japan	472-477	474½-475½	2.45-2.10y pm	5.75	6.05-5.65 pm	4.93
Austria	33.15-33.25	33.17-33.22	4gro pm-par	0.72	8 pm-2 dis	0.36
Switz.	4.27½-4.31½	4.30-4.31	2-1c pm	4.18	4⅞-3⅞ pm	4.06

Belgian rate is for convertible francs. Financial franc 80.40-80.50. Six-month forward dollar 2.00-2.10c dis, 12-month 4.10-4.30c dis.

THE DOLLAR SPOT AND FORWARD

April 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2370-2.2455	2.2385-2.2395	0.20-0.30c dis	−1.34	1.00-1.10dis	−1.87
Ireland†	1.7320-1.7410	1.7320-1.7340	0.05c pm-0.05 dis	—	0.40-0.50dis	−1.04
Canada	1.1819-1.1843	1.1830-1.1833	0.28-0.33c dis	−3.09	0.62-0.67dis	−2.18
Nethlnd.	2.3235-2.3280	2.3260-2.3270	0.72-0.62c pm	3.46	2.35-2.25 pm	3.95
Belgium	34.24-34.49	34.47-34.49	0.35-0.60c dis	−0.16	0.35-0.60dis	−0.05
Denmark	6.5940-6.6075	6.5900-6.5975	0.30-0.80ore dis	−1.00	0.30-0.80dis	−0.33
W. Ger.	2.0900-2.1050	2.1025-2.1035	0.20-0.14pf pm	0.97	0.96-0.90 pm	1.77
Portugal	56.53-56.75	56.53-56.63	10c pm-20 dis	−1.06	25pm-50dis	−0.88
Spain	84.95-85.30	85.10-85.15	5-25c dis	−2.11	20-45 dis	−1.53
Italy	1,044¾-1,048	1,047-1,048	4½-5½ lire dis	−5.73	13-15 dis	−5.35
Norway	5.3710-5.3795	5.3710-5.3725	1-½ore pm	1.67	3-2½ pm	2.05
France	4.9410-4.9700	4.9580-4.9620	0.30-0.15c pm	0.54	1.45-1.15 pm	1.05
Sweden	4.5780-4.5875	4.5840-4.5855	0.65-0.25ore dis	−1.96	0.95-1.15dis	−0.92
Japan	211.25-212.50	212.15-212.25	1.35-1.20y pm	7.21	3.65-3.50 pm	6.74
Austria	14.81¼-14.86	14.81¼-14.81¾	3.10-1.80gro pm	1.99	11-7½ pm	2.50
Switz.	1.9110-1.9220	1.9205-1.9215	1.07-0.97c pm	6.37	3.17-3.07 pm	6.50

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

April 1	Bank of England Index	Morgan Guaranty Changes%
Sterling	100.2	−26.2
U.S. dollar	100.0	−4.3
Canadian dollar	86.0	−17.3
Austrian schilling	116.9	+22.7
Belgian franc	108.1	+9.3
Danish kroner	89.8	−10.3
Deutsche mark	121.6	+41.5
Swiss franc	135.5	+75.0
Guilder	112.9	+15.5
French franc	87.2	−9.6
Lira	59.7	−55.0
Yen	143.3	+38.9

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Mar. 31	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.547420	0.539065
U.S. $	13	1.22852	1.20966
Canadian $	16.69	1.45801	1.43442
Austria Sch.	6¾	18.2730	17.9393
Belgium F.	16	42.3194	41.5836
Danish K.	11	8.13465	7.99884
D mark	7½	2.58210	2.53630
Guilder	9	2.85999	2.81166
French Fr.	9½	6.09100	5.98420
Lira	19	1287.43	1266.82
Yen	6¼	259.218	253.969
Norwgn. Kr.	9	6.60022	6.49407
Spanish Pts.	8	104.795	103.087
Swedish Kr.	12	5.64198	5.54932
Swiss Fr.	4	2.35237	2.31445
Greek Dr'ch.	20½	—	62.0798

OTHER CURRENCIES

April 1	£	$		£ Note Rates
Argentina Peso	N/A	N/A	Austria	33.00-33.40
Australia Dollar	1.9190-1.9230	0.8580-0.8585	Belgium	79.60-80.40
Brazil Cruzeiro	170.39-171.39	76.15-76.55	Denmark	14.68-14.83
Finland Markka	9.09-9.11	4.0550-4.0570	France	10.99-11.09
Greek Drachma	113.177-116.049	51.16-51.30	Germany	4.67-4.71½
Hong Kong Dollar	11.83½-11.85½	5.2800-5.3000	Italy	2290-2375
Iran Rial	168.30*	75.20*	Japan	474-480
Kuwait Dinar (KD)	0.611-0.617	0.2743-0.2745	Netherlands	5.18-5.25
Luxembourg Fre.	77.15-77.25	34.47-34.49	Norway	12.00-12.12
Malaysia Dollar	4.5175-4.5275	2.2775-2.2795	Portugal	124-128
New Zealand Dlr	2.4415-2.4465	1.0915-1.0925	Spain	185-196½
Saudi Arab. Riyal	7.47-7.53	3.3475-3.3495	Sweden	10.22-10.32
Singapore Dollar	4.67-4.68	2.0835-2.0855	Switzerland	4.27½-4.31½
Sth African Rand	1.7890-1.7900	0.7990-0.7995	United States	2.23-2.25
U.A.E. Dirham	8.19-8.25	3.6705-3.6725	Yugoslavia	77¼-82

Mar. 31 Sth. African Rand/dollar 0.7995-0.7995

Rate given for Argentina is free rate. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU April 1	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.5477	+1.84	+1.83	±1.5361
Danish Krone	7.91917	7.98935	+0.89	+0.88	±1.6413
German D-Mark	2.54502	2.53626	−0.34	−0.35	±1.1386
French Franc	5.99525	5.98536	−0.17	−0.18	±1.3638
Dutch Guilder	2.81318	2.81080	−0.08	−0.09	±1.5159
Irish Punt	0.685145	0.695295	+1.48	+1.47	±1.6688
Italian Lira	1262.92	1265.28	+0.19	+0.19	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

April 1	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.239	4.710	475.0	11.115	4.305	5.228	2346.	2.649	77.20
U.S. Dollar	0.447	1.	2.104	212.1	4.964	1.923	2.335	1048.	1.183	34.48
Deutschemark	0.212	0.475	1.	100.8	2.360	0.914	1.110	498.0	0.562	16.39
Japanese Yen 1,000	2.105	4.714	9.916	1000.	23.40	9.063	11.01	4938.	5.577	162.5
French Franc 10	0.900	2.014	4.238	427.4	10.	3.873	4.703	2110.	2.383	69.46
Swiss Franc	0.232	0.520	1.094	110.3	2.582	1.	1.214	544.8	0.615	17.93
Dutch Guilder	0.191	0.428	0.901	90.87	2.126	0.824	1.	448.7	0.507	14.77
Italian Lira 1,000	0.426	0.955	2.008	203.3	4.739	1.835	2.229	1000.	1.129	32.91
Canadian Dollar	0.378	0.845	1.778	179.3	4.196	1.625	1.973	885.4	1.	29.14
Belgian Franc 100	1.295	2.900	6.101	615.3	14.40	5.576	6.771	3038.	3.431	100.

FT LONDON INTERBANK FIXING (11.00 a.m. APRIL 1)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 5/16	offer 14 7/16	bid 14 1/4	offer 14 3/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

April 1	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	11¾-12	13⅞-14⅛	16½-17½	9¼-9½	2-2½	12-12¼	11¾-12	17-19	40-44	6¼-6¾
7 days' notice	12⅛-12⅜	14-14¼	16½-17½	9¼-9½	3¾-4¼	12-12¼	12-12¼	17½-19	40-60	7⅛-7⅜
Month	12 1/16-12 3/16	13¼-13½	17-17⅜	9 15/16-10 1/16	7¼-7⅜	12 1/16-12 3/16	12¾-13	19-20	34-37	7¼-7½
Three months	12½-12⅝	14⅛-14⅜	15¼-15⅝	10⅜-10½	7 9/16-7 11/16	12½-12⅝	13-13½	19½-20½	20-22	7⅜-7⅝
Six months	12 7/16-12 9/16	14⅛-14⅜	15½-15⅞	10⅜-10½	7⅝-7¾	12 7/16-12 9/16	13¼-13⅝	19½-20½	17-19	7 3/16-7 5/16
One Year	12 7/16-12 9/16	14⅛-14⅜	14⅞-15¼	10½-10 11/16	7½-7⅝	11⅝-11¾	13⅜-13¾	19¼-20¼	14-16	7¾-8

SDR linked deposits: one-month 12⅜-12½ per cent; three months 12 9/16-12 15/16 per cent; six months 12½-12⅞ per cent; one-year 12 7/16-12 13/16 per cent.

ECU linked deposits: one-month 12⅞-13¼ per cent; three months 13 1/16-13 9/16 per cent; six months 13-13⅜ per cent; one-year 12⅞-13¼ per cent.

Asian $ (closing rates in Singapore): one-month 13 7/16-13 11/16 per cent; three months 14 5/16-14 7/16 per cent; six months 14½-14⅝ per cent; one-year 14 3/16-14 5/16 per cent. Long-term Eurodollar two years 14¼-14½ per cent; three years 14¼-14½ per cent; four years 14¼-14½ per cent; five years 14¼-14½ per cent; nominal closing rates. Short-term rates are call for U.S. dollars. Canadian dollars and Japanese yen; others two days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 13.85-13.95 per cent; three months 13.85-13.95 per cent; six months 13.75-13.85 per cent; one-year 13.65-13.75 per cent.

INTERNATIONAL MONEY MARKET

Dutch rates ease

Conditions were very easy on the Dutch money market yesterday, and the official call rate was cut to 7 per cent from 9½ per cent. The rate was raised to 9½ per cent from 8 per cent on March 27. Call money fell to 7-7½ per cent from 10¼-10½ per cent yesterday morning, while fixed term rates were easier, at around the level of the special Lombard rate of 10 per cent. On March 3 the discount rate was increased to 9 per cent from 8 per cent, but with German interest rates considerably higher than Dutch rates there seems little prospect of an early cut in the Netherlands discount rate despite the easier trend in market rates, and the strength of the Dutch guilder in the European Monetary System.

In Frankfurt call money rose to 12.00-12.25 per cent from 11.90-12.10 per cent compared with the special Lombard level of 12 per cent. The Bundesbank will not hold a Press conference after today's central council meeting, and it appears unlikely that there will be any changes in credit policy. Period rates showed little movement yesterday, although three-month money eased to 13.30-13.50 per cent from 13.40-13.60 per cent.

In Paris call money eased to 11⅞ per cent from 12¼ per cent, as conditions improved in the market with the start of the new month. On Tuesday banks required funds to meet end of month reserve requirements.

UK MONEY MARKET

Full supply

Bank of England Minimum Lending Rate 12 per cent (from March 10, 1981)

Money was in very good supply in the London money market yesterday, and the authorities absorbed surplus funds by selling a moderate amount of Treasury bills to the discount houses. In continuation of the policy to allow market influences to determine interest rates the authorities did not make known selling rates for the bills, but invited bids from the houses.

Discount houses paid 11½-11¾ per cent for secured call loans at the start, with closing balances taken at 10¼-10½ per cent, suggesting that part of the surplus is left in the banking system, and surplus balances will be carried forward.

The unwinding of a large repurchase agreement was the only factor against the market, but this was outweighed by large government disbursements, moderate surplus bank balances, and the redemption of Treasury 9¾ per cent 1981.

GOLD

Firmer trend

Gold rose by $10 an ounce in the London bullion market yesterday to close at $516-519. Later trading in New York saw the metal quoted at $518-521. In London it opened at $515-518 and was fixed during the morning at $516.75. The afternoon fixing of $514.25 reflected a lack of buying interest, although bids started to appear towards the end of the day.

In Paris the 12½ kilo bar was fixed at FFr 85,600 per kilo ($537.92 per ounce) in the afternoon, compared with FFr 85,600 ($538.95) in the morning, and FFr 85,500 ($536.37) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 34,910 per kilo ($517.98 per ounce) against DM 34,780 ($514.53) previously, and closed at $513-516 compared with $512-515 an ounce on Tuesday.

In Zurich gold finished unchanged at $513-516.

	April 1		Mar. 31	
Gold Bullion (fine ounce)				
Close	$516-519	(£230¼-231¼)	$506-509	(£225⅛-226¾)
Opening	$515-518	(£229½-230¾)	$511-514	(£227½-228¾)
Morning fixing	$516.75	(£230.486)	$514.25	(£229.146)
Afternoon fixing	$514.25	(£229.422)	$513.75	(£228.974)
Gold Coins				
Krugerrand	$532½-533½	(£237¾-238¼)	$520-521½	(£231¾-232½)
1/2 Krugerrand	$275-276	(£122¾-123¼)	$268-270	(£119½-120½)
1/4 Krugerrand	$140-141	(£62½-63)	$136-138	(£60½-61½)
1/10 Krugerrand	$59-60	(£26¼-26¾)	$57-59	(£25½-26¼)
Mapleleaf	$528-529	(£235⅝-236¼)	$515-516½	(£229½-230¼)
New Sovereigns	$129½-130½	(£57¾-58¼)	$126½-127½	(£56½-57)
King Sovereigns	$149-151	(£66½-67½)	$147-149	(£65½-66½)
Victoria Sovs	$149-151	(£66½-67½)	$147-149	(£65½-66½)
French 20s	$170-172	(£76-76¾)	$169-172	(£75¼-76¾)
50 pesos Mexico	$641-645	(£286-288)	$635-640	(£283-285½)
100 Cor. Austria	$500-505	(£223¼-225½)	$500-505	(£223-225)
$20 Eagles	$630-635	(£281¼-283½)	$626-631	(£279-281¼)

MONEY RATES

NEW YORK

Prime Rate	17-17½
Fed. Fund	13⅞-14¾
Treasury Bills (13-week)	12.45
Treasury Bills (26-week)	12.01

GERMANY

Special Lombard	12.0
Overnight Rate	12.125
One month	12.90
Three months	13.40
Six months	13.125

FRANCE

Intervention Rate	12.5
Overnight Rate	11.875
One month	12.4375
Three months	12.75
Six months	12.75

JAPAN

Discount Rate	6.25
Call (Unconditional)	7.4375
Bill Discount (three-month)	7.40625

LONDON MONEY RATES

April 1 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Discount Company Deposits	Discount Market Deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	10-12	11¾-12	—	—	11-11½	10¼-11¾	—	—	—
2 days notice	—	—	12½-12⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11⅞-12⅛	12½-12⅝	—	12½	12½	12	—	—	—
One month	12 9/16-12⅜	12 7/16-12⅝	12⅜-12⅝	13⅛-13	12⅞	12¾	12	11 25/32-11 11/16	11 13/16-12	13
Two months	12 5/16-12⅜	12 7/16-12⅝	—	13-12⅞	12⅞	12¾	12	11⅝-11 9/16	11 13/16-11⅞	12⅞
Three months	12½-12⅝	12 7/16-12⅝	12½-12⅝	12⅞-12¾	12⅞	12¾	11¾	11 17/32-11 15/32	11¾	12⅝
Six months	12⅛-12	12¼-12 7/16	12⅛-12⅜	12⅛-12¼	12⅝	12⅝	—	—	11⅞-11⅝	12
Nine months	12 1/16-11 15/16	12⅛-12⅜	—	12⅝-12¼	12½	12⅝	—	—	—	—
One year	12 1/16-11 15/16	12 1/16-12 3/16	12⅜-12½	12⅜-12⅛	12½	12⅝	—	—	—	—
Two years	—	—	12⅝-12¾	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 12⅞-13 per cent; four years 13 percent; five years 13¼ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11⅝ per cent; four months trade bills 12½ per cent.

Approximate selling rate for one-month Treasury bills 11 9/16-11 17/32 per cent; two months 11½-11 15/32 per cent; three months 11 13/32-11½ per cent. Approximate selling rate for one-month bank bills 11 25/32 per cent; two months 11¾-11 25/32 per cent; three months 11 23/32 per cent; one-month trade bills 12¾ per cent; two months 12⅝ per cent and three months 12⅜ per cent.

Finance House Base Rates (published by the Finance Houses Association) 13 per cent from April 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.5305 per cent.

International Appointments

THE ROYAL BANK OF CANADA

WORLDWIDE OPPORTUNITIES

FOREIGN EXCHANGE TRADERS

THE ROYAL BANK OF CANADA — Canada's leading International Bank — offers interesting and exciting career opportunities as it continues to expand its involvement in worldwide Foreign Exchange and Money Market activities.

The successful candidates will currently hold an active foreign exchange trading position and will have a thorough understanding of their local deposit trading and arbitrage markets. They will possess sound independent judgement skills on market direction and price/volume sensitivity and will have a full working knowledge of international economics and balance of payments theory. *Fluency in English and the local language of* business is a necessity and other language capabilities would be a definite asset.

The Royal Bank of Canada is Canada's largest bank and is the sixth largest in North America. It is a leading foreign exchange money market bank with financial interests in over 100 subsidiaries and affiliates throughout the world.

If you are highly motivated, aggressive and interested in working in Toronto and other major Royal Bank trading centres *throughout the world, please forward your resume in confidence to:*

Mr. J.B. Reynolds
Manager, Corporate Personnel Services
Europe, Middle East & Africa
The Royal Bank of Canada
2 Palace Gate
London W8 5NF

Operational Review Based U.K. or Europe

Our client, **Philip Morris,** is one of the world's leading cigarette and consumer goods producers; brands included in their extensive range are Marlboro', Merit, 7-Up, etc. They have an immediate requirement for two ambitious and self-confident professionals to join their review team reporting to the U.S.A.

Supervisor — to £15,000 + car
This Senior position is No. 2 to the Manager. Age indicator is 35+ and candidates should demonstrate significant experience and exposure to large company operations, preferably in a fast-moving expansion minded commercial environment. Responsibilities cover co-ordination of the team's activities, liaison with group senior Management, staff supervision, etc.

Support Position — to £12,000 + car
As a Senior member of the review team, this position will interest a 26 years + candidate with a high degree of commercial orientation. Principal responsibilities will include the investigation, evaluation and critical analysis of the company's European, Middle-East and African operational units. European language ability in this position is a decided advantage.

Positions can be U.K. or European-based. They involve considerable travel in Europe, occasional trips to the Middle-East and Africa, together with visits to the U.S.A. Interested applicants should contact **ROGER TIPPLE,** 18/19 Sandland Street, London WC1R 4PZ. **Tel. No. 01-242-0965/8.** He will be available to discuss these opportunities both during and outside normal office hours.

MP
Michael Page Partnership
London Birmingham Manchester

Banking in Europe

DEUTSCHLAND

LEITER DER KREDITABTEILUNG DM 80.000 — *Erfahrener Kreditsachbearbeiter von etwa 35* Jahren, möglicherweise mit Universitätsabschluß, wird gesucht, um die Kreditabteilung einer Konsortialbank in HAMBURG zu leiten. Sie sollen eine langjährige Erfahrung in Handelsfinanzierung mitbringen.

FUND MANAGER DM 150.000 — Unser Kunde, der zu den führenden Geschäftsbanken in FRANKFURT zählt, sucht einen Fund Manager, der die Verantwortung übernehmen wird für u.a. die Beratung institutioneller Anleger, die Verwaltung von Wertpapieren, und den Wertpapierhandel. Sie sollen Erfahrung in diesen Bereichen mitbringen, und sie möglichst in Deutschland erworben haben.

KREDIT-SACHBEARBEITER DM 80.000 — Die Zweigniederlassung einer US-Großbank in HAMBURG hat vor, ihre Bankgeschäfte dadurch zu vergrößern, indem sie einen weiteren Kreditsachbearbeiter aufnimmt. Bevorzugtes Alter: etwa 30 Jahre. Eine Mindesterfahrung von fünf Jahren in deutschem Kreditgeschäft wird vorausgesetzt.

INSTITUTIONAL RELATIONSHIPS DM 50.000 — Die Zweigniederlassung einer US-Großbank in FRANKFURT sucht einen jungen, gelernten Bankkaufmann zwischen 27 und 34 Jahre, um die Geschäftsbeziehungen mit Korrespondenzbanken zu pflegen. Er soll eine Erfahrung im Bankgeschäft von etwa drei Jahren mitbringen können.

Jonathan Wren
Banking Appointments

Ihre vertraulich behandelte Bewerbung senden Sie bitte mit den üblichen Unterlagen an Roy Webb, Jonathan Wren & Co. Ltd., European Division, 170 Bishopsgate, London EC2M 4LX. Telefonnummer: 01-623 1266. Sperrvermerke werden berücksichtigt, und keine Gebühren erhoben.

CHINA LIGHT & POWER CO., LTD
HONG KONG 香港

FINANCIAL CONTROLLER

C. HK$260,000 + Excellent Benefits

We are an investor owned utility with over 6,000 employees engaged in all activities associated with an installed capacity approaching 2,500 MW supplying more than 900,000 consumers through an extensive transmission and distribution network and exporting energy to the People's Republic of China.

Current construction activities include a 1,400 MW fossil fuel fired station, several gas turbines and a 400KV system. Tenders are at present being evaluated for a coal/oil fired station of 4 x 660 MW, feasibility studies have been completed for a large nuclear installation in collaboration with the P.R.C. and are in progress for a hydro pumped storage scheme. The forecast for capital expenditure over the next ten years is approximately £3,000 million.

Reporting to the General Manager, the successful candidate will manage the corporate finance and accounting department. He will be responsible for the development and execution of short term and long range financial plans, control of financial resources, particularly those associated with large capital projects, cost control and analysis of the operations of line departments and negotiations connected with borrowing from international financial institutions.

Ideal candidates should not be less than 40, be professionally qualified, have had extensive commercial experience in an engineering environment and practical experience of computerised accounting systems. Those with responsibility for formulation and execution of corporate financial policies and borrowing in a large public utility would have a distinct advantage. The successful candidate will be expected to demonstrate high qualities of leadership in the planning, delegation, co-ordination and control of all financial activites.

Initial salary will be within the range of HK$240,000 to HK$260,000 p.a. and the additional benefits include:

- Suitable rent free accommodation equipped with basic household appliances.
- Free medical scheme for the employee and contributory scheme for dependants.
- Provident and Retirement Fund.
- Six weeks' annual leave with return air passages to country of domicile provided for employee, his wife and wholly dependent children below the age of 21 years if in full time education.
- Local and overseas primary and secondary education allowance.
- Electricity allowance.

The climate in Hong Kong is sub-tropical with abundant sunshine and facilities are modern. There is a substantial expatriate community and the English School Foundation ensures excellent education at primary and secondary levels.

At present, salaries tax cannot exceed 15 per cent of income.

Applications already received in response to our previous advertisement will automatically be reconsidered, and those selected for interview will be advised as soon as practicable.

Applicants should send full personal particulars, enclosing a recent photograph. The information should be endorsed 'confidential' and be sent to I.G. Ellis, P.O. Box 97, Chester, CH1 3UH, to arrive on or before 12th April 1981.

EUROPEAN SALES MANAGER

Data Packaging Limited, providing precision plastic products for the computer, medical, and consumer markets, has an immediate opening for a European Sales Manager. The position reports to the Managing Director and will have initial emphasis on the company's OEM product line for the computer magnetic media industry.

Candidates should have prior international sales experience, sales engineering responsibilities, and knowledge of plastics. The European Sales Manager will be personally responsible for all sales activities in European countries. The position will be based in either country of origin or Ireland. Because of our recent entry into European markets, extensive travel will be required.

The European Sales Manager will receive an attractive compensation and benefits package (that includes a salary circa IR £ 14,000, car and bonus potential).

Qualified candidates should forward their resume and salary history and requirements to: John Halligan, Managing Director, Data Packaging Limited, Clonmore Industrial Estate, Mullingar County Westmeath, Ireland.

Data Packaging Limited

Banking Relations Officer

As a result of our continuing growth the bank requires an experienced international banker who will be responsible for maintaining and developing the relationships with international banks with particular emphasis on foreign exchange and interbank dealing with London-based institutions. Some foreign travel will be involved.

Salary and fringe benefits are fully competitive.

Please apply to:
Managing Director
Italian International Bank Limited
P & O Building
122 Leadenhall Street
London EC3V 4PT

iib

Senior Account Officer

BAHRAIN

A leading international bank is looking, for its Bahrain office, for a Senior Account Officer to form part of the local management team. The selected candidate will be in charge of important account relationships with Bahraini, Saudi and Kuwaiti clients and must possess the necessary dynamism and dedication. Rapid promotion to Assistant Manager of the branch can be envisaged. A solid training in credit is required and a knowledge of French/Arabic useful. Salary offer will be in excess of US$40,000 tax-free for the right kind of candidate, plus a free house and attractive benefits.

Reply, giving full details, to Box A 7479
Financial Times, 10 Cannon Street, EC4P 4BY

BIRMID QUALCAST

FOUNDRY EXECUTIVE

AUTOCAST (PTY) LIMITED, SOUTH AFRICA

We require a well-qualified Foundryman, with proven track record in the production of automotive and grey iron castings, to take to take full responsibility for technical control of all operations within the company. This is a senior post, and the *successful candidate will report to the company managing* director.

Here is an opportunity to realise success, utilising the resources of a very modern and profitable plant with a healthy and increasing customer demand.

If you are interested, please drop me a line.

F. T. Davies, Chairman and Managing Director
BIRMID QUALCAST (FOUNDRIES) LIMITED
Dartmouth Road, Smethwick, Warley
West Midlands B66 1BW

CHIEF ACCOUNTANT

WEST AFRICA — **C £33,000 – House – Car – Substantial Benefits**

Our client, a large and expanding international group, wishes to recruit a Chief Accountant for a large operation in West Africa employing some 9,000 people. The company uses sophisticated computerised systems and the position calls for a qualified accountant of high calibre, over 35, with broad experience who has worked overseas. Reporting to the General Manager he will have responsibility for all financial matters and have control of a large indigenous staff.

In addition to salary, benefits include married accommodation, two months leave per *annum, free medical, education allowance, a provident fund and substantial end of* contract tax-free gratuity.

Applications are invited from qualified accountants with tact and diplomacy who seek challenge and involvement.

For further information please apply to E. S. Moore

Reginald Welsh & Partners Limited.
Accountancy & Executive Recruitment Consultants
123/4 Newgate Street, London EC1A 7AA Tel: 01-600 3387

Merchant Bankers

A leading Australian Merchant Bank is seeking experienced executives in the Corporate and Money Market fields. The Managing Director will be in London over the next few weeks and applications from interested parties, which will be *treated in the strictest confidence,* should be addressed to:
Box A.7478, Financial Times,
10 Cannon Street, EC4P 4BY.

INTERNATIONAL APPOINTMENTS

Appear every Thursday
Rate: £22.50 per single column centimetre

$100,000 Tax Free
TRADER IN BERMUDA

Our client, a major international corporation, requires a versatile *trader/dealer to handle a variety of functions including physical* commodities, commercial futures, deposit instruments, financial futures, securities, listed options, etc. An impeccable background is essential for this very interesting position. In the first instance, please telephone Christopher D. Stock on 01-481 8111 for a confidential discussion quoting Ref L1762

BANKING & ACCOUNTANCY PERSONNEL SELECTION
Lloyds Avenue House, 6 Lloyds Avenue, London EC3N 3ES. TELEPHONE: 01-481 8111.

ACCOUNTS/COMPUTERS/INSURANCE

$40-50,000 Tax Free

BERMUDA

If you are aged between 27 and 35, and are a qualified Accountant, with adequate experience to manage a computer installation, combined with a good knowledge of insurance, our Bermudian clients would like to meet you! The position is very challenging, diverse and interesting, requiring someone of exceptional ability. For an initial and confidential discussion, telephone Christopher D. Stock on 01-481 8111 quoting Ref. L1763.

BANKING & ACCOUNTANCY PERSONNEL SELECTION
Lloyds Avenue House, 6 Lloyds Avenue, London EC3N 3ES. TELEPHONE: 01-481 8111.

U.S. COMMODITY BROKER

seeks
OPERATIONS MANAGER
for Brussels Office
Send c.v. and salary history to:
TRANSWORLD COMMODITIES LTD.
5 Avenue Lloyd George, Bte 5
1050 Brussels, Belgium

EMPLOYMENT CONDITIONS ABROAD LIMITED

An International Association of Employers co-operating to provide up-dated confidential information relating to employment of expatriates and nationals world wide

01-637 7604

هكذا من الأصل

JOBS COLUMN

Good vehicle for high class wheeler dealer

BY MICHAEL DIXON

"WE FELL down the quality gap," said Peter Reynolds. As the new (although from another viewpoint, the old) chief executive of the H. R. Owen motor-sales and servicing company, he was explaining his need of a sales manager capable of being a contender for the driving seat when he re-retires before very long.

Mr. Reynolds knows the sales side of the company well. He joined it in 1951 as a junior salesman whose main responsibility was to get the carpet of the Mayfair showroom swept before any senior salesman could come in and dirty his shoes on it. Over the next couple of decades he pulled *himself up by his bootstraps to* the managing directorship.

In the meantime the company had extended *its original* activity of selling Rolls-Royces and Bentleys in London's Berkeley Street. It had opened *other* sales branches and suitably exclusive servicing depots. It had condescended to sell Jaguars and Daimlers as well, and even gone cosmopolitan by acquiring the London area franchise for Ferraris.

H. R. Owen had meanwhile also become part of the Heron Corporation, which was determined to expand its motor interests. From the day Peter Reynolds became a director of the parent group in 1971 until his first retirement a year ago, this expansion took up more of his time. He soon relinquished the managing directorship of the Owen subsidiary, delegating its running to his successor so as to "concentrate on running the Heron Motor Group as a whole."

Perhaps he concentrated too narrowly because, in line with *the* motor trade's conventional wisdom at the time, H. R. Owen decided to extend farther down-market *so as to sell* vehicles at prices "ranging from £1,000 to £100,000 to all those who wished to trade with the company."

The outcome seems to illustrate the foolishness of assuming that success in the high places of any pecking order must guarantee success below. For Owen never established a grip on the lower side *of the market. It merely lost* touch with the upper. Hence the aforementioned plunge down the quality gap.

That coupled with the accidental death of one of the group's key directors has brought Mr. Reynolds back to Berkeley Street where he has "once more firmly embarked on doing one thing properly.

"*This is the display, sales* and after-sales servicing of expensive cars only. The main platforms for this sales effort will be the Rolls-Royce and Bentley franchises, together with Ferrari, Daimler, Jaguar and Rover. Additionally, heavy emphasis will be placed on used cars of very low mileage and very high monetary value."

Re-establishing and extending these platforms will be the main test of the newcomer's claim to *succeed* Peter Reynolds, *to* whom the sales manager will be directly responsible.

Working through the managers of the four London operations and probably of another one planned in the Midlands, the recruit will need to improve the selling skills of present staff members, and select *new* ones in some cases, the chief executive points out, as a consequence of firing the old.

He adds *that* candidates must be demonstrably dab hands at managing a relatively scattered force of 20 to 40 people in the selling of expensive capital goods in the luxury market.

"They must be experienced and also *mobile and sufficiently* adventurous to use all modern techniques as opposed to gimmicks! I see this as a job for a person who will spend the time in the branches with the sales force rather than planning strategy behind a big desk in head office. That's my job."

The pay indicator is £20,000 or perhaps a bit more. Perks include a company car—not a Rolls yet, I'm sad to say, but certainly of Jaguar class.

Inquiries to Peter Reynolds at 17 Berkeley Street, London W1X 6HY; telephone 01-629 9060.

Drain again

REMEMBER the Brain Drain. It was the high emigration a dozen years ago of British scientists and engineers, especially to America. Perhaps typifying the unusual reasoning of the 1960s, the powers-that-*were apparently concluded that* the cause of the outflow of so many such people was that British education was not producing enough of them.

The real reason seems never to have been determined, because the drain suddenly dried up and the topic went out of fashion. And since the present problem for British scientists and engineers in general is that many find it hard to get jobs anywhere, now may *seem an odd time to resurrect* the matter.

The drain, however, has begun again even though it is confined to a narrower channel. I owe this discovery to two recruiters who on behalf of overseas employers, especially in Continental Europe, are seeking British "life scientists" such as biologists, biochemists, *pharmacologists* and agriculturalists. Since neither recruiter may name the employers concerned, both promise that any applicant who so requests will not be named to their clients until specific permission is given.

The first is John Fulford of the Grosvenor Stewart consultancy (15, Tilehouse Street, Hitchen, Herts SG5 2DU: tel. 0462 55303, telex 826310 GS UK G). He is looking for several people with experience of practically - directed research, and preferably with a doctorate degree in the life sciences specified above. One with managerial skill is needed to head a biochemistry / pharmacology research department *in* Belgium, for instance, and Mr. Fulford adds that similar openings often arise in the Netherlands and Germany.

Salaries range from about £25,000 to £30,000—a good deal *higher than the usual* level among such workers in the UK. The reason seems to be that while everyday living costs in Europe are now generally comparable with those here, housing is dear and particularly so to buy rather than rent.

In the case of the unspecified number of people, including physicians, whom Mr. Fulford seeks to work near Munich, competence in German is wanted. Elsewhere the recruits could make do with just *English, although they will need* to be willing to learn the language concerned.

This last applies to the job in Austria for a doctorate-level biochemist or pharmacologist with enough managerial experience to lead 50 people including 10 PhDs, which is being handled by Jim Edwards of the Talentmark consultancy (King House, Westbourne Grove, London W2 4UA; tel. 01-229 2266, telex 23276). The newcomer *will be in charge of research* into the development of drugs, with emphasis on ensuring their compliance with safety regulations.

Lack of jobless

FINALLY TODAY, an appeal on behalf of Felicity Radcliffe-Brine of the Industrial Society (3 Carlton House Terrace, London SW1; tel. 01-839 4300). Concerned about executive unemployment, she has arranged a special "self-marketing workshop" next Wednesday for managers who are or are about *to be made redundant*. But she has so far had very few takers.

The society is having to charge an attendance fee. But even after VAT this is but £28.75, which is hardly extortionate. Some fully commercial concerns charge more than 10 times as much, although admittedly for one-to-one counselling.

I dearly hope the deterrent is *not that the Jobs Column is to* take part. If so, this note can only make things worse.

Financial Controller

Northern Hertfordshire

A financial controller is required for a small and expanding international group, part of a major UK public company, providing high technology services to the energy, heavy engineering and construction industries.

Reporting to the Financial Director, the controller's initial responsibility will be to undertake a thorough review of the accounting organisation with special emphasis on strict financial administration and control of the group's projects throughout the world. This will entail implementing a regular reporting cycle (involving some overseas travel) and enhancing the budgeting, forecasting and related UK management control systems.

The requirement is for a qualified accountant with experience of the successful development of computerised systems, coupled with an objective mind and a practical grasp of the rigorous financial controls relevant to a diversified business. Age: around 30.

Remuneration: about £13,000 plus car.

Please write in confidence to CT Garcia (Ref 812F).

Thomson McLintock Associates 70 Finsbury Pavement London EC2A 1SX TML

IS YOUR CAREER THREATENED?

Are you looking for new opportunities?

There is no organisation that can help you better — nor has more resources — than Europe's most experienced Executive Job Search organisation.

We will take immediate control of your campaign, open up new opportunities for you in the large unpublished executive job market and stimulate you with a complete range of job search support services.

To find out about how these services relate to you — fix up an exploratory meeting by contacting us now.

If you are becoming redundant — enquire how your employer can include job search services in your severance package.

Percy COUTTS & CO. LTD

01-839 2271

140 Grand Buildings
Trafalgar Square
London WC2

CJA RECRUITMENT CONSULTANTS

35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374

A challenging appointment offering wide-ranging opportunities with an expanding world-wide team.

CJRA CORPORATE FINANCE/NEW ISSUES EXECUTIVE

CITY **£18,000 - £25,000**

MAJOR INTERNATIONAL INVESTMENT GROUP

We invite applications from candidates, aged 28-37, who will either be graduates and/or be professionally qualified, and have at least 3 years' experience in Corporate Finance and New Issue business. This business development exposure is likely to have been gained with an Accepting House or other leading financial institution. The brief will be to liaise closely with clients on Corporate Finance, particularly in the development and preparation of International New Issues and this will necessitate away travel on the Continent of Europe. Proficiency in a second European language, whilst in no way essential, would be an advantage. Initial salary negotiable £18,000-£25,000 will be supplemented by a fringe benefits package. Applications in strict confidence under reference CF13242/FT will be forwarded unopened to our Client, unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager:

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH

Scope for high flier to assume discretionary management role in 2-3 years.

CJA TRAINEE FUND MANAGER - FIXED INTEREST

CITY **£6,000—£10,000**

INTERNATIONAL INVESTMENT TEAM OF LEADING U.S. BANK—GROUP FUNDS MANAGED EXCEED U.S.$12 BILLION

Rapid expansion of the assets managed by the London office has created a vacancy for a Fund Management Trainee, aged 22-25, of graduate calibre and ideally with 1-2 years' experience in a closely related area of banking or other fixed interest investment management. The successful candidate will report to a Fund Manager and will be expected to acquire in the short-term a detailed knowledge of world-wide bond markets and their workings. He/she will be expected to monitor market developments and to contribute to investment policy decisions. He/she must be capable of expressing himself/herself logically both in discussion and in writing and must have the ability to progress rapidly and assume direct investment management responsibility with increasing personal discretion. A flexible outlook and enquiring mind are essential plus a willingness to deputise as required for other members of the group. Initial salary negotiable £6,000-£10,000 plus house mortgage facility, non-contributory pension, free life assurance, B.U.P.A. Applications in strict confidence, under reference TFM 4037/FT, to the Managing Director:

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED,

35, NEW BROAD STREET, LONDON ECM2 1NH. TELEPHONE: 01-588 3588 or 01-588 3576. TELEX: 887374.

PRINCIPAL ACCOUNTANT

British Waterways Board

Watford **c. £16,000 p.a. + benefits**

Britain's canal and waterways system is entering a period of revitalisation. A re-assessment of its role in the freight network, taking advantage of improving cost effectiveness of waterway transport is underway. There is also an increasing emphasis on the recreational aspects of the Inland Waterways, around which a growing leisure industry is building.

Reporting to the Director of Finance, the Principal Accountant is responsible for controlling the Board's accounting function, managing, through supervisors, a department of 70 staff. This will entail co-ordination of financial reporting, budgeting and cash management, as well as close liaison with operational management and contact with Government bodies.

Candidates must be qualified accountants, probably aged mid 30's to 40's, with wide managerial experience in industry, possibly in the nationalised sector. In addition to financial skills, the ability to manage others and relate effectively at all levels are key attributes.

Written applications containing career details should be forwarded, in confidence, to Anthony J. Forsyth, B.Sc., at 410 Strand, London WC2R 0NS, quoting reference 3207.

DOUGLAS LLAMBIAS DLA
Douglas Llambias Associates Ltd.
Accountancy and Management Recruitment Consultants

and at 26 West Nile Street, Glasgow G1 2PF (041-226 3101)
3 Coates Place, Edinburgh EH3 7AA (031-225 7744)

DEALERS
CREDIT ANALYSTS
LOANS ADMIN

Several of our City clients are currently seeking candidates who can offer a minimum of 2 years' experience in the above banking fields.

SALARIES RANGE FROM
£7,500-£14,000 p.a.
FOR DETAILS CONTACT:
MISS SEONAID BRYCESON
01-638 1491
ALANGATE BANKING RECRUITMENT
CONSULTANTS
40-42, Copthall Avenue
London EC2R 7DN

Corporate Finance

This is an opportunity to join a leading firm of stockbrokers with an established reputation in corporate finance.

- THE APPOINTMENT will suit those with initial experience in this field who now wish to develop a career as part of a small professional team. A qualified accountant or lawyer is preferred.

- AGE: 25/32. Remuneration, including a profit sharing element, not less than £15,000.

Write in complete confidence to G. W. Elms as adviser to the firm.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON W1N 6DJ
and
21 AINSLIE PLACE EDINBURGH EH3 6AJ

Financial Executives

A British publicly-quoted Group, leaders in the research and communications industry, require two Financial Controllers and a Project Accountant to join their current management team. Location, London.

Financial Controller, to supervise overall financial operations for a separate expanding internal division where he will report direct to a Chairman. Salary c £16,000. Preferred age mid-30s. *Ref 06/20*

Financial Controller, for a number of internal companies, with experience in managing an accounts department and in general business policy. Salary c £13,000. Preferred age early 30s. *Ref 06/21*

Project Accountant, to operate in the areas of Group staff on various ad-hoc projects. Excellent career opportunities within the organisation's subsidiary companies. Salary c £9,500. Preferred age late 20s. *Ref 06/22*

Interested applicants, who must be professionally qualified, should write in confidence supplying full career details and quoting reference to the Managing Director:-

AGB Recruitment Limited
173 Sloane Street
London SW1X 9QG
A member of the AGB Group of companies

Finance Director

(Designate)

Birmingham **c. £12,000 + Car**

A rare opportunity has arisen for a first class person to join an autonomous subsidiary of a well known International Group. The client company is concerned with distribution, with divisional responsibility for many profit centres within the UK.

Your vital responsibilities will include Profit Reporting, Cash and Capital Expenditure Control, Long Term Planning, Budgeting, DP Control and Management Development.

Aged 30-40, you must be a fully qualified Accountant, preferably ACMA, with considerable financial experience, ideally gained in the Distribution industry or in FMCG manufacturing.

A negotiable salary of £12,000+ is offered, together with a 2 litre car. Career prospects are excellent and relocation expenses are available.

Phone Noel Alexander (021) 236 6971.
PER, Fountain Court, Steelhouse Lane, Birmingham, B4 6DS.
(Answering service out of hours).

Applications are welcome from both men and women.

PER Executive Selection

Chief Accountant

LONDON

Salary within the scale
£11,307—£12,321 p.a. (inc.)

The National and Local Government Officers Association require a qualified accountant to undertake financial and management accounting functions. The post is ranked number 3 in the Finance Department.

The successful candidate will be required to produce annual accounts, budgets, tax computations, statutory returns etc., and to review and develop existing financial and control systems, in respect of all the Association's many activities. The Association currently has an ICL 2904 computer and an understanding of computer systems would be an advantage.

Applicants should preferably have been qualified for at least three years, and a knowledge of insurance company accounts would be an advantage.

26 days leave: 13 days at public holidays: interest free season ticket loan: subsidised staff restaurant: 17½% rebate on mortgage interest paid: removal and disturbance allowances where appropriate: active sports and social club.

Application forms and further particulars of the appointment together with details of benefits to staff may be obtained from:

THE PERSONNEL OFFICER, NALGO
1 MABLEDON PLACE, LONDON WC1H 9AJ,
Closing date for receipt of completed application forms is 17th April, 1981

Technical Directorate

The Institute of Chartered Accountants

London **to £13,000**

As a result of internal promotion a vacancy has arisen for an Under Secretary in the Parliamentary and Law section of the Technical Directorate. This position offers an exciting and challenging opportunity to a high-calibre young accountant who can communicate at a senior level with influential people in Parliament, Whitehall and the City. The work is extremely varied and technically stimulating. Some of the main subjects being covered are the Companies Bill, the audit and accounts of Government and proposed changes in company taxation. There is plenty of scope for future development either by promotion or by transfer to other sections within the Technical Directorate such as the Accounting Standards Committee. Candidates must be qualified accountants (male/female) preferably graduates in their late twenties. Salary will depend on age and experience. Ref. 1192/FT. Apply to R. P. Carpenter, FCA, FCMA, ACIS, 3 De Walden Court, 85 New Cavendish Street, London W1M 7RA. Tel. 01-636 0761.

Phillips & Carpenter
Selection Consultants

Top Managers

London **£20,000 plus**

Our clients are a British organisation with a strong record of investment in high technology companies in various fields. They wish to appoint two outstanding general managers with potential to lead two key divisions of the Group.

One will be responsible for a diverse range of existing subsidiaries and we would like to hear from men or women with experience in high technology and the stature and ability to monitor, motivate and guide the managements of these companies, some of which are still relatively small.

The Group has the determination and resources to build from an already strong base into the forefront of information technology and the second appointment will spearhead an investment programme planned to be in the order of £20m per annum over the next few years. Responsibility will be to lead a team concerned with acquisition search and negotiation, the establishment of new ventures and their subsequent control in the fields of computing and electronics.

Both positions will interest successful people probably aged 35-45 who may well already command a salary of £20,000 or more.

Please write in confidence with C.V. to:
Terry Turner
EXECUTIVE PRESELECTORS
8a Symons Street, Sloane Square, London SW3 2TJ.

CHARTERHOUSE APPOINTMENTS
Europe House
World Trade Centre
London E1 9AA

GILT SALES EXECUTIVE
for large Stockbroking company. Applicants must have at least five years' experience with a good track record of profitability. £ negotiable + substantial benefits.

RESEARCH ANALYST
for major Stockbrokers with specialist knowledge of the Financial Sector and experience in handling institutional business. £ negotiable.

RIGHTS CLERK
for Stockbrokers. 2 years' experience essential. c. £6,000.

TRAINEE RESEARCH ASSISTANT
for expanding Stockbroking company to assist the Research Analyst with a view to getting involved in Equity Sales. Some commercial experience preferred. £5,500 basic.

Please contact David Lubbock on the number below (or 01-223 0730 evenings/weekends)

01-481 2188

RESEARCH ASSISTANT
STOCK EXCHANGE/INVESTMENTS

AGED 23-28 Years **LONDON**

The Stock Exchange Investment Department of Friends' Provident Life Office has a vacancy for a graduate with a minimum of two year's equity experience either with a stockbroker's office or a financial institution.

The starting salary will be commensurate with qualifications and experience. The appointment carries the normal benefits associated with a major Life Office which include an annual bonus, a generous house purchase scheme, sick pay scheme and pension scheme.

If you are interested in applying please write with full personal and career details to Miss Joan Campbell at the address below.

Alternatively, telephone Dorking (0306) 5055 for an application form. Interviews will be carried out in London.

Personnel & Administration Services,
FRIENDS' PROVIDENT LIFE OFFICE,
Pixham End, Dorking, Surrey.

MAKE YOUR FUTURE WITH FRIENDS

Assistant

Fund Management

Small but prestigeous firm of fund mangers needs a graduate with good degree and 1 year's investment experience with a bank, stockbrokers or institution. Should have the personality to fit in a happy team and will quickly take on a lot of responsibility.

Age 22-25.

Ring 493 8824
Judy Farquharson Ltd.,
17 Stratton St., W.1.

JFL RECRUITMENT CONSULTANTS

Banking

Accountant — **To £12,000**
A rare opportunity for a thoroughly experienced bank accountant to take charge of a small and efficient team within a well respected, progressive European bank.

Credit/Loans Officer — **c.£12,000**
A thorough background of corporate and country risk analysis together with good general banking experience are essential requirements for this important role with one of the world's major banks.

Eurobonds — **To £15,000**
Prime international bank seeks a graduate with two years' general eurobond experience, both primary and secondary market, to service a section of its client portfolio.

New Bank – Operations — **Negotiable**
The London branch of a leading international bank offers exceptional opportunities for career development to individuals with experience of FX Settlements, Cash, Computers, or Loans Admin.

Contact Tom Kollinsky in confidence
on 01-248 3812

NPA Recruitment Services Ltd
60 Cheapside·London EC2·Telephone 01-248 3812 3 4 5

Foreign Exchange Corporate Services

SECURITY PACIFIC is a leading international bank, with assets of $25 billion and over 600 branches worldwide. Significant expansion has created an opportunity within our Foreign Exchange Advisory Group which is a key element in the bank's marketing strategy.

We therefore invite applications from candidates who must have a sound knowledge of Foreign Exchange and Money Market operations together with an ability to interpret economic data. This experience will have been gained either within a bank or the treasury department of a major corporation. Fluency in a second European language would be an advantage.

As part of a small team, the selected candidate will be responsible for liaison between corporate clients, foreign exchange dealers and lending officers in an advisory/marketing capacity.

This assignment offers long term career development opportunities for a self starter who can demonstrate negotiating skills and client handling ability and is ready to accept the challenge of producing results in a competitive environment.

A highly attractive salary will be commensurate with qualifications and experience and we offer a full range of generous fringe benefits.

Career details should be sent to:–
Patrick J. O'Hara,
Assistant Vice President,
Security Pacific
National Bank.
2 Arundel Street,
London WC2R 3DE

Export Finance

A major international bank wishes to appoint an assistant to its Export Finance Manager.

The successful applicant is likely to be aged between 27-34 and to have had several years experience of negotiating ECGD buyer and supplier credits in a merchant or international bank in London.

The position embraces all aspects of export finance and will entail contact with exporters and banks at management level. Considerable emphasis will be placed on marketing; self-motivation and a willingness and ability to generate new business will therefore be of prime importance.

The remuneration and benefits will be those normally associated with a large organisation of first class repute.

Interested applicants should write, giving full details of personal background and professional experience, to:
D. HARDEN, Streets Advertising, Hulton House, 161-166 Fleet Street, London, EC4A 2DY

Streets Advertising
Recruitment Advertising Division

indicating the names of any companies to which applications should not be forwarded.

Financial Controller

Edinburgh — **£18,000 to £20,000 pa**

Our client is a major organisation with an annual turnover of £110m which provides a unique range of services throughout Scotland. *An outstanding Financial Controller is required to* join the top management team, and take responsibility for over 100 accounting, data processing and related staff. He or she will be expected to advise the Board on financial and accounting matters during a period of major change and to maximise the contribution made by the department. Candidates, preferably aged 35 to 50, must be qualified accountants with senior financial management experience gained with a large industrial, commercial, or public sector organisation with strong budgetary control systems. This challenging post demands someone with acumen and maturity and with leadership skills to inspire colleagues and staff to apply new ideas and methods with enthusiasm. The *rewards include a starting salary negotiable between* £18,000 and £20,000 pa, plus good pension and life assurance arrangements.

Write or telephone for an application form or send brief c.v. to the address below, quoting ref: AA50/7622/FT on both letter and envelope, *and advising us of any other applications you have made to PA Personnel Services within the last twelve months. No details are divulged to clients without prior permission. Initial interviews will be conducted by PA Consultants.*

PA Personnel Services
Fitzpatrick House, 14–18 Cadogan Street, Glasgow G2 6QP Telephone: 041-221 3954 Telex: 779148
PA
A member of PA International

Company Secretary
(Designate)
Advertising
LONDON
c.£18,000 + car

Our client is a very well known Group in the advertising field employing over 300 people. *Their Company Secretary is retiring and his replacement will join the* Company about August 1981.

The successful candidate will be qualified as a solicitor, with a good degree, aged early 30's, with some commercial experience.

As well as handling all detailed legal requirements and other administrative matters, including insurance, pensions, property and personnel, he or she must be capable of playing a significant part at Board level, *as the Group expands.*

Career prospects are outstanding and candidates must be able to demonstrate commercial judgement, an analytical and flexible mind, and the ability to get on with people.

Please telephone or write to Anthony Falcon, quoting ref. 284a.
COURTENAY STEWART INTERNATIONAL LTD
11 Maddox Street, London W1R 9LE. Telephone 01-629 1913.

APPOINTMENTS ADVERTISING
RATE £22.50 PER SINGLE COLUMN CENTIMETRE

Qualified Accountants

International Audit

The Continental Illinois National Bank and Trust Company of Chicago is a major international bank with European Headquarters in London and an extensive network of branches and subsidiaries worldwide.
We require recently qualified Accountants (ACA/ACCA) to join a small team responsible for providing financial and operational auditing services to our European network. Management potential is developed by exposure to internal and external courses and there are excellent prospects for a career in mainstream banking.
The position will involve approximately 60% travel and offers an attractive salary and first-class benefits including subsidised mortgage and personal loan facilities and non-contributory pension scheme.
Please send detailed c.v. or telephone for an application form to:
Personnel Dept, Continental Illinois Corporation, Continental Bank House, 162 Queen Victoria Street, London EC4V 4BS. Tel: 01-236 7444.

CONTINENTAL BANK
Continental Illinois National Bank & Trust Co. of Chicago

Hoggett Bowers
Executive Selection Consultants
BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM and SHEFFIELD

Young Finance Director

Aged 30 - 35, Berks, c.£16,000 + car

Our client, a UK public company manufacturing and marketing consumer durables (sales £23 million), had an impressive growth and profit record until its recent acquisition of a sizeable competitor. In a few months, this new addition will emerge from the intensive care unit and become autonomous. It now needs a qualified accountant to provide prompt and accurate information, effective planning, computerised systems and every other form of financial control. The challenge, scope and rewards of the job are all very real and would be of interest only to ambitious accountants, unafraid of the broader demands of general management.

Mrs. I.M. Brown, Ref: 19231/FT. Male or female candidates should telephone immediately in confidence for a Personal History Form **01-734 6852**, *Sutherland House, 5/6 Argyll Street,* **LONDON, W1E 6EZ.**

Financial Planning and Evaluation

RTZ Industries Limited is a successful industrial group with worldwide commercial and manufacturing interests. It has a turnover in excess of £600 million and is a wholly-owned subsidiary of the Rio Tinto-Zinc Corporation.

We are seeking a person to join the small team responsible for group planning and for the financial *evaluation of capital expenditure proposals* and other projects using sophisticated computer based techniques.

Applicants, male or female, in their late twenties should be numerate graduates, possibly with a further degree in business administration. They should have a flair for analytical work, and a *commercial awareness that has been developed by* several years' experience in one or more industrial undertakings.

The remuneration will be of interest to those who are currently earning about £10,000 p.a. Other conditions of employment are excellent including membership of the contributory RTZ pension fund.

RTZ INDUSTRIES a member of the RTZ Group

Please apply, giving details of age, qualifications, experience to date and present salary, to: Mrs S F Wakeham, RTZ Industries Limited, Cleveland House, 19 St James's Square, London SW1Y 4JG.

Financial Analysis

London Based to £15,000+car

If you are a qualified accountant aged around thirty, with several years' constructive management information experience in demanding commercial or industrial groups this is an exceptional chance to apply it to a new and receptive environment. EDP exposure will help. A willingness to undertake limited overseas travel is essential.

Our client is a successful quoted international service-based group with a turnover approaching £150m. This new post carries responsibility to the Financial Director for creating and operating a central review programme for the sixty subsidiaries. The aim is a constructive over-view of corporate performance worldwide.

For full job description write in confidence to John Courtis at 78 Wigmore Street, London W1H 9DQ, showing clearly how you meet our client's requirements, quoting 7075/FT. Both men and women may apply.

John Courtis and Partners

DYNAMIC GROUP ACCOUNTANT

A small well established virulent, diverse group of companies require a Qualified Accountant to understudy and eventually replace present Group Accountant who shortly reaches retirement.

Candidate should be C.A. with industrial experience.

Salary and possibilities of advancement within the companies are very good indeed for the right person.

Write giving fullest possible personal details to:

THE CHAIRMAN
EVERGREEN HOLDINGS LTD
RINGWOOD ROAD
BINSTEAD
ISLE OF WIGHT
PO33 3PA

Banking Personnel
The premier name in Banking Appointments.

MARKETING AND CREDIT EXECUTIVE

Age 30–40 — **c. £22,000 p.a.**

Our client, the new London branch of a rapidly expanding International Bank, seeks to appoint a Marketing Specialist of outstanding ability to promote their entire range of facilities to U.K. based British and American companies with strong Middle-Eastern trading connections.
In addition to being able to demonstrate an unbroken record of success in marketing banking services, the successful candidate will also possess a comprehensive knowledge of all aspects of credit and loan administration.
It is unlikely that our client will consider candidates who have not already achieved the level of VP or similar, as they regard this position as a key role in their U.K. programme development.
Applications should be accompanied by a detailed C.V. and addressed, in confidence, to Mark Stevens, General Manager.

41/42 London Wall, London EC2. Telephone: 01-588 0781

STOCKBROKING

SALES
Ideal opening into a fast-moving career in Gilt-Edged Sales. Economics degree and financial experience is highly preferable.

RESEARCH
Opportunity for new graduate who is highly numerate to train in economics/investment research. Initiative and attention to detail essential.

These positions have occurred due to continued expansion within a leading firm of Stockbrokers. For further details, please contact Andrew Swift on 01-629 7262.

GRADUATE APPOINTMENTS LTD.,
7, Princes St., W.1.

APPOINTMENTS WANTED

ENGLISH EXECUTIVE
early forties — fluent German, associated with the rubber and plastics industry for 20 years having an engineering background and extensive commercial and general management experience up to Managing Director level in rubber to metal bonded component, industrial rubber products and friction material products manufacturing with extensive Automotive and Industrial contacts, seeks a responsible and challenging senior appointment and possible participation with a technically-orientated engineering or rubber/plastic product manufacturer in U.K., Europe, U.S.A., Canada or Australia. Write Box A.7469, Financial Times, 10, Cannon Street, EC4P 4BY.

SUCCESSFUL
MANAGING DIRECTOR
Frustrated following takeover, seeks new challenge. I am highly self-motivated and have an impeccable *record. Salary circa £20,000 pa.*
Write Box A7480, Financial Times 10 Cannon Street, EC4P 4BY

A SUCCESSFUL BANKING RECRUITMENT CONSULTANCY

requires a person to join a professional team of experienced consultants. The right applicant will be in their late 20s and have held a position either in administration or in the personnel function of a major international bank and be fully conversant with all aspects of banking. Ideally he or she will be professionally qualified and may have already worked in a recruitment consultancy. Salary c. £9,000 plus commission.

Applications should be made in writing, enclosing a full curriculum vitae, to:
G. T. DUTTON, F.C.I.S.
c/o CHARLES HUNT & CO.
170 Bishopsgate, London EC2M 4LX
or telephone 283 9959

LOAN SYNDICATION

An experienced loan syndication officer with fluency in French and English is required to join a small team and assist in the administration and syndication of short- and *medium-term loan transactions and the servicing of export* financing account relationships in U.S., Canada, Europe and Africa.

Salary negotiable to £14,000.

PENSION FUND

An assistant Fund Manager is required by a major corporation to help in the administration and management of its pension fund. The ideal candidate will be educated to degree level and have had one to two years' experience. Salary negotiable to £12,000.

Please write enclosing a c.v. or telephone for an application form.

LJC Banking Appointments
170 BISHOPSGATE, LONDON EC2M 4LX.
TELEPHONE: 01-283 9953.

WOOD GUNDY

MIDDLE EAST SALES

We are looking for an experienced investment person to join our existing Middle East Department. His main duties will be to increase our business in North American securities. Salary will be competitive.
Please apply in writing with full career details to:
C. C. Lyttelton, Vice President, Wood Gundy Limited, 30 Finsbury Square, London EC2A 1SB.
Tel: 01-628 4030.

HUNDRED THOUSAND *DOLLARS PLUS*
If you have been selling financial products (insurance, mutual funds or real estate) Our company has openings in the Middle East, Far East and South America. Commissions commensurate with experience.
Send your CV to:
Alain Bougard, PO Box 498
1215 GENEVA 15, Switzerland

INTERNATIONAL SALES EXECUTIVE

Our clients are a major city stockbrokers with extensive business within the European Markets.

They wish to *appoint, a further International Salesman/Saleswoman, to* they very busy team.

The candidate must be fluent in both French and German, with a minimum of 2 years *proven ability.*

The remuneration consists of a very competitive figure ranging from £7,000 to £17,000 for the right candidate, plus bonus and fringe benefits. A full CV will be requested.

All enquiries will be treated in the strictest of confidence.

Tel: 01-628 0985 Mrs. P. Dudley
EVANS EMPLOYMENT AGENCY LTD.
27g Throgmorton Street, EC2.
(opposite The Stock Exchange)

هكذا من الأصل

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

Grain from the discharge pipe hits a measuring plate which feeds signals to the microprocessor.

Harvest, micro style

ACCURATE AND fast measurement of how much grain a harvested field has produced is now something of vital importance to Europe's cereal growers.

This facility, it is claimed, can be provided for the first time in the UK by an electronic device invented, developed and marketed by two British entrepreneurs and farmers.

The "Yield per Field" continuous flow weigher was developed by David Elder, a graduate of the National College of Agricultural Engineering, who has worked as adviser on cereal projects for both the Foreign Office and the UN Food and Agriculture Organisation, and Captain E. N. Griffith, who farms 600 acres near Bishop's Stortford, Herts.

The weigher tells the farmer the exact weight of the crop he has just harvested while harvesting is still going on. This will enable him to assess immediately the profitability of each field individually and project the fertiliser and seed needed for the same yield next season.

The weigher is attached to the auger, or discharge pipe, of a combine harvester, and linked to a microprocessor in the combine cab. When grains hit the hood plate of the device at force and are bounced back to hit a cantilevered load cell beneath, impulses are sent to the microprocessor which measure the amount of grain passing out of the combine system. The microprocessor is capable of analysing the signal minutely, and can be programmed to assess the moisture content in the grain passing over it at varying times of the day.

By feeding instructions into the processor's memory, the farmer can establish the actual weight, the actual moisture content, and the target content—the weight the grain will have after drying before storage.

Tests during the 1980 harvest have shown an accuracy of within 0.5 per cent. Manufacture of the machines is underway at Saffron Walden and the first weighers are expected to be on the market by June in time for this year's harvest.

Against the cost of between £6,000 and £11,000 for a conventional weighbridge system, the continuous weigher is expected to sell for about £1,400.

SARA DAVIES

U.S. plans to turn peat into methanol

BY DAVID FISHLOCK, SCIENCE EDITOR

AN AMERICAN project to turn 120m tonnes of peat into fuel alcohol and chemical feedstock is about to be launched in North Carolina. It is the latest of a series of synthetic fuel (synfuel) schemes for converting fossil fuels into methanol.

Behind all of these schemes stands Robert Fri, formerly deputy administrator of two U.S. Government organisations vitally interested in synfuels, the Energy Research and Development Administration (ERDA), fore-runner of the Department of Energy, and the Environmental Protection Agency (EPA).

Since 1979 Fri—"Mr. Methanol," as he is known—has been president of a small group of refugees from government service called the Energy Transition Corporation (ETCO). ETCO is essentially a broker for synfuel projects. It brings together the technological components, the marketing, government and financial facets of synfuel ventures.

Partnership

The peat project is typical. It aims to forge a partnership of four or five organisations—some have not yet been chosen—called the Peat Methanol Association. Partners so far are First Colony Farms in North Carolina, which owns 105,000 acres of peat (an estimated 120m tonnes); Koppers, the Pittsburgh engineering group; and ETCO itself.

Fri stresses the need to be highly selective about synfuel ventures. For many of them, the risks are not only whether the technology will work but whether the processes can meet prevailing standards on effluents and emissions and still yield a competitive fuel.

Robert Fri, president of the Energy Transition Corporation: "Mr. Methanol" to U.S. energy experts.

"What we need are a few projects up and running and on the learning curve," he says. When he tried to be more selective about the host of demonstration synfuel projects initiated by ERDA, he lost his job. Under President Reagan, the future of synfuels is squarely back with the private sector. Most synfuel demonstration projects have been chopped. For government, demonstration today is a dirty word. The government's role is seen as nursing a promising technology along to the point where private industry is willing to demonstrate it.

Fri prefers the term "fact-finding mission" for the proposed peat methanol project. "We regard all the technology in the plant as commercial." The idea is to design and build the first of what will be a series of identical modules. From this they will get operating experience, measure environmental impact, learn how to negotiate its novel plumbing through the government's regulatory procedures. Then, when they are ready to replicate the modules, they will be able to take advantage of economies of scale in the ancillary plant and such services as oxygen, supplying all modules, Fri says.

At the heart of all of his ventures is the Koppers-Totzek gasifier. It will gasify virtually any form of carbon "from peat to diamonds" at atmospheric pressure but at very high temperature, minimising the risks of toxic byproducts such as phenols and costly clean-up problems. It also yields a very hard slag, easily utilised.

The particular attraction of peat as a feedstock is not only the size of reserves at First Colony Farms, but an idiosyncrasy of peats in the south-east of the U.S. Once dried to below 30 per cent moisture these peats will not pick up moisture again. They can be stockpiled in the open ready to feed the gasifier.

First Colony Farms has already worked out an economic method of harvesting its peat. The nub of the technique is to leave the top inch of peat in a finely divided state for the sun to dry out from about 90 per cent moisture to 30 per cent or less. Then this top inch is skimmed off and stacked, and the next inch prepared for solar drying.

Koppers is designing a gasifier to convert 1,900 tonnes a day of dried peat, milled to the consistency of face-powder, into medium-BTU gas, 300 BTUs a cubic foot. The gas—mainly a 2:1 mixture of hydrogen and carbon monoxide—is then compressed to 1,200-1,500 lbs per square inch for methanation. For this step ETCO may well choose the ICI technology, as one of the most efficient catalytic methanation processes, Fri says.

Motor fuel

The product will be about 500 tonnes a day of fuel-grade methanol, consisting mostly of methyl alcohol but including up to 20 per cent of higher BTU alcohols such as ethanol, butanol and propanol, plus about 5 per cent of water. According to Fri it is superior to pure methanol as a fuel, and can be made more cheaply.

He sees its main market as a fuel for cars. He envisages that a future partner for the Peat Methanol Association must be an oil company prepared to distribute the synthetic fuel. It can be used neat, as an additive for petrol, or as a fuel for gas turbines. It can also be used as a transport medium in its own right.

For ETCO, the peat project is the latest of a series of synfuel ventures it has catalysed in the past two years, all based on converting solid U.S. fossil - fuel resources into methanol. All are at different stages of evaluation by partnerships forged by ETCO.

All are part of a more ambitious plan ETCO envisages for the development of U.S. coal reserves, based on a novel way of transporting solid fuel by pipeline. The plan is founded on the discovery of a Texan inventor, Leonard Keller, that a slurry of powdered coal and methanol does not settle out. Slurries of coal and water will settle unless kept in motion, which can be a severe handicap in designing a pipeline for coal. But slurries of 65 per cent coal and methanol form a stable suspension, nicknamed "methacoal."

What is more, such a pipeline itself turns out to be a long, thin reactor, capable of partly converting the coal it is carrying into liquid hydrocarbons. If the coal dust is first dried, the methanol carrier will penetrate into interstices in the particles, partially dissolving them. It can convert about 20 per cent of the coal dust into clear liquid hydrocarbons in the course of a few days.

Mine cement has 'instant water'

AN EXCLUSIVE licence to manufacture an American mine roof reinforcement product in Britain has been secured by Commercial Plastics Special Products, Blyth, Northumberland (06706 5323). Known as Cemicron 2000, it is claimed to represent a breakthrough in producing full - column cementitious anchors for underground roof bolts and wood dowels. Its most significant advance on existing resin systems is its complete non - flammability and non-toxicity, says CPSP.

It is claimed to be the first roof-bolt anchoring system to provide the correct amount of water in a micro-encapsulated form already mixed with quick-setting high-strength cement. The optimum volume of water activates the cement and permits the exact metering of water within the cartridge. The wax shell of the spherical micro-capsules are strong enough to resist fracture during normal handling but collapse under the pressure caused by the insertion of a steel bolt or wooden dowel. The build-up of pressure causes the micro-capsules to be crushed in front of the bolt tip, releasing water uniformly across the hole.

The homogeneous grout thus formed hardens rapidly to provide a firm full-length anchoring. Even in vertical roof-bolting jobs, says CPSP, bolt holding is achieved rapidly so that the hand-drill or bolter can be withdrawn immediately and full-load setting occurs within a few minutes.

The micro-capsules, essential feature of Cemicron 2000, are manufactured under a patented process developed by the South West Research Institute, San Antonio, Texas. CPSP secured the licence from the inventor, Mr. Robert Simpson, a U.S. Bureau of Mines engineer, in competition with other manufacturers of mining products and will produce Cemicron 2000 at its Blyth factory.

NEWS IN BRIEF

PLASTICS

A HIGH melting point (334°C) aromatic polyetherethertone has been introduced by Imperial Chemical Industries. Suitable for injection moulding and extrusion on conventional machines, the material is being evaluated for applications in the oil exploration, aerospace and telecommunications industries.

Known as PEEK (pending choice of a trade mark) it is stated to offer in-service temperatures of 200°C or more, good resistance to acids, alkalis and organic solvents, low flammability and very low rates of emission of smoke and toxic combustion products.

While its initial application is as a high-performance wire coating material, where abrasion and cut-through resistance is of particular importance, PEEK is also available in glass and carbon fibre filled grades for injection moulding, and in powder grades for coating systems and rotational moulding.

Full details of this material can be obtained from ICI's Plastics Division at P.O. Box 6, Bessemer Road, Welwyn Garden City, Herts. AL7 1HD. (07073 23400).

HORTICULTURE

WHEREVER A programmed sequence of water supply to a number of locations on a site is needed a microprocessor-based controller, the SD 21 from Peerless Control Systems (0908 568383) should prove of interest.

The unit is simple to operate and requires no knowledge of computers. But by keying in programs on a front panel keyboard, the unit will provide automatic irrigation over the most complex watering patterns. A visual check of some 50 programmed channel settings can be obtained simply by pressing a test button.

Fluid control can take place at up to 1,500 metres from the SD 21 and an easily-read liquid crystal display gives immediate indication of the remote conditions.

Normally sequences would be started from the panel but it is also possible to use external devices such as moisture meters, leaf gauges or solar time recorders.

INSTRUMENTS

AUGHTON INSTRUMENTS of Liverpool has introduced a portable digital thermometer designed for use in hazardous or extreme conditions.

Called the ATI 100-IS, the thermometer is said to be particularly applicable to the petrochemical industry where, according to Aughton: "Its accurate temperature indication can achieve precise flowmeter calibration correction factors to overcome the problems associated with loss accounting." It measures temperature from −100 deg C to +650 deg C.

SAFETY

FIRE-RESISTANT board developed primarily for use as partitioning and ducting in the offshore oil and gas industries has been introduced by Cape Durasteel, Wellingborough, Northants (0933 71188) after a research programme undertaken in conjunction with BP Petroleum Development with the aim of eliminating the need for constant repainting and maintenance of fire-resistant panels to prevent corrosion in salt-laden air.

Named 3DF /M, it is a 9.5 mm thick composite board comprising a fibre cement core mechanically bonded between cupro-nickel alloy sheet requiring no paint finish.

PROCESSING

A SIFTING unit designed to be built into flow lines carrying flour or similar powdered materials has been introduced by Kerry Handling, High Street, East Grinstead, Sussex (0342 24236). A 1.1 kW electric motor, fitted at an angle to the flow line, which drives four rotating blades over a perforated plate, thus keeping the holes clear to allow the powder to pass through in the air stream while ejecting overtails other coarse material into a side chamber.

The nickel-plated steel blades have a synthetic coating claimed to reduce wear. The unit is encased in a vacuum-sealed aluminium housing with an air-lock round the motor shaft to prevent particles entering the bearings.

WORLD STOCK MARKETS

NEW YORK

Early Wall St. rise falters

THERE WAS a *fresh early* improvement on Wall Street yesterday in active trading, but profit-taking later in the morning trimmed the gains.

Analysts said initial strength came on carry-over buying from *Tuesday's sharp rally* and a more favourable near-term outlook for interest rates. Chase Manhattan and Manufacturers Hanover cut their Prime Rates to 17 per cent from 17½ yesterday morning, joining half a dozen other major banks. The rest of the industry is chasing 17½ per cent.

The Dow Jones Industrial Average, *up 11.7 the previous* day, had gained 4.24 by 10.30 a.m. but subsequently slipped back to 1,005.13 at noon, only a net 1.26 above the overnight level. The NYSE All Common Index was a mere 4 cents higher at $78.31 at mid-day, but advances still led declines by a four-to-three ratio. Turnover came to 29.84m shares, against Tuesday's noon figure of 29.27m.

Volume leader American Can gained 2¾ to $41⅞. It wants to sell its paper and forest-based assets and reinvest the money through a significant acquisition in a different business.

Engelhard Minerals slipped 1½ to $50¾ in its first trading since announcing plans to split into two publicly-held companies.

Twentieth Century-Fox climbed 1⅞ to $57⅞ and Chris Craft ⅝ to $36⅞. Fox said it has resumed merger talks with Denver oilman Marvin Davis, although Davis has not renewed his $60-a-share bid.

Blue chips were narrowly mixed at *mid-session*, while High Technology issues were mostly easier on balance.

THE AMERICAN SE Market Value Index was still ahead 1.53 at noon at 362.13 following volume of 3.54m shares (3.11m).

Canada

Markets were mixed to firmer after a fairly active morning *session. The Toronto Composite* index added 3.3 at 2,336.4 at mid-day, while Oil and Gas gained 10.8 at 4,422.7.

Macmillan Bloedel remained halted pending clarification of an increased offer by B.C. Resources. Macmillan last traded at C$48½ and B.C. at C$5⅞. Noranda, also bidding for Macmillan, was up ⅛ to C$30⅞.

Tokyo

Blue Chips in many sectors rose *sharply on heavy buying* by foreign investors, Japanese corporations and Financial Institutions in response to the strong overnight upthrust on Wall Street. However, the market overall was mixed.

The Nikkei-Dow Jones Average, after advancing 29.62 on Tuesday, climbed 55.68 to achieve a new record peak of 7,389.99. The Tokyo SE index moved ahead 3.65 to 533.82 for a two-day rise of 5.57, although *declines narrowly* led gains by 323 to 316. Volume was a very substantial 700m shares, but less than the previous day's 860m.

High-priced Light Electricals, Precision Instruments, Pharmaceuticals, Motors and Heavy Electric Machines advanced strongly, but Steels and Shipbuildings eased on profit-taking after sharp gains the previous day.

Sony forged ahead Y110 to Y3,970, Matsushita Kotobuki Y180 to Y2,830, TDK Electronics Y70 to Y4,220, Canon Y65 to Y1,040, Olympus Y70 to Y1,420, Takeda Y27 to Y917, Ajinomoto *Y71 to Y950, Toyota Motor* Y30 to Y860, Matsushita Electric Y50 to Y1,150, Hitachi Y8 to Y420, Mitsubishi Electric Y7 to Y273 and Honda Motor Y27 to Y665.

Tokyo Marine put on Y30 to Y660, Asahi Glass Y21 to Y560, *Dai Nippon* Printing Y32 to Y685 and Tokyo Electric Power Y17 to Y939.

Kokan and Sumitomo Metal, however, shed Y4 apiece to Y163 and Y209 respectively, while Mitsui Shipbuilding lost Y6 to Y205.

Nissho-Iwai receded Y50 to Y303 following news of a large loss at its Hong Kong subsidiary.

Oils, Coals and Non-Ferrous Metals were also lower in line with the easing political situation in Poland.

Germany

Inspired by the strong rally on Wall Street overnight, foreign investors actively bought German shares and the market ended broadly higher. The Commerzbank index advanced 8.6 to 695.7.

Banks were among the main beneficiaries, with Dresdner climbing DM 4.60 to DM 159.30 despite announcing lower profits for 1980. Deutsche Bank gained DM 1.50 to DM 292, although dealers said the higher dividend and rights issue, announced on Tuesday, had been anticipated in the share's recent rise.

BMW rose DM 4.50 and *Chemicals issue Bayer DM 3.40.*

Public Authority Loans were up to 50 pfennigs firmer, with the Bundesbank selling DM 18.3m of stock.

Singapore

Share prices rose across the board in trading which turned active after several weeks of sluggishness. The Straits Times Industrial Index climbed 9.61 more to a record high of S33.28.

A broker noted that the rise came in *the absence of any* significant local news or rumours, and praised the market's performance under those circumstances as a sign of renewed confidence. Another broker said investors appeared to be *returning to the market* with the start of a new month, a new quarter, and for some, a new fiscal year.

Among the *Blue Chips*, tin smelter and property concern Straits Trading advanced 80 cents to S$14.40, beverage concern Fraser and Neave 30 cents to S$6.45 and diversified Haw Par 14 cents to S$3.72.

Oil-rig builder Far East-Levingston resumed its rise, climbing 60 cents to S$11.20. United Overseas Land added 30 cents at S$3.68 and Singapore Land 60 cents at S$10.80.

Hong Kong

After recent weakness, shares staged an early rally on some "short covering" and selective buying, and then held fairly steady at the improved levels until the close. Expectations of good results from Swire Pacific and Hutchison Whampoa helped to buoy the market.

The Hang Seng index, after a two-day retreat of 72 points, recovered 18.11 to 1,387.76. With trading on Wednesdays still limited to a half-day session, turnover amounted to only HK$224.28m on the four stock *exchanges*, compared with Tuesday's total of HK$351.12m.

Jardine Matheson was a particularly bright spot in the leaders, rising 60 cents to HK$22.20. Swire Pacific "A" put on 20 cents to HK$13.40 and Hutchison Whampoa 10 cents to HK$15.60.

Australia

The Minings sector continued to show an easier tendency, with Golds mainly lower in line with the Bullion price. *The Oil* and Gas group was mixed, although moderate selective demand produced some good gains. Industrials were again firmer for choice.

BHP dipped 20 cents to *A$14.15 and Rundle Oil Shale* issue Southern Pacific Petroleum lost 12 cents to A$1.62, but Vamgas rose 20 cents to A$9.20, Santos 60 cents to A$22.30 and Ampol Exploration 15 cents to A$4.75.

Pioneer Concrete's bid for the Naharlek uranium partners again dominated trading. Pioneer lost 7 cents more to A$2.33, while Kathleen Investments, A$9.00, shed 20 cents of the recent sharp rise but Queensland Mines advanced 55 cents further to A$13.35.

Johannesburg

Gold shares were basically steady after quiet trading at their slightly firmer opening levels, with gains of 25 to 50 cents recorded in heavyweights.

Closing prices for North America were not available for this edition.

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

HONG KONG

SINGAPORE

SWEDEN

GERMANY

JAPAN

SOUTH AFRICA

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

BRAZIL

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO Composite

NEW YORK ACTIVE STOCKS

Financial Rand US$0.69 (Discount of 29%)

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices.

COMMODITIES AND AGRICULTURE

EEC re-starts sugar export subsidies

BY OUR COMMODITIES STAFF

THE EEC Commission yesterday granted subsidies on sugar exports to the world market at its weekly selling tender for the first time since last May. This follows the fall in the world sugar market to below the EEC level in recent weeks, although the Commission has been extremely reluctant to start subsidising exports again after earlier earning revenue by the imposition of levies when the world market was above the Common Market price.

Trade in EEC sugar exports has been virtually paralysed for the past three weeks by the Commission's refusal to grant subsidies, evidently believing the downturn in the world market was only temporary.

However, it gave in yesterday after a further fall in the world market and granted a maximum export subsidy of 4.461 European currency units per 100 kilos. This was somewhat bigger than expected and exports authorised jumped to 75,500 tonnes.

News that the Community had re-opened the door for exports helped wipe out early gains on the world market.

The August position on the London futures market, which had climbed to £229 a tonne earlier, fell back to close only £2.50 up on the day at £223.625 a tonne. The initial rise, reflecting after-hours trading on Tuesday, had already been trimmed somewhat, however, because of Tunisia's rejection of all bids at a buying tender.

Unless world prices move higher, further subsidies are likely to be paid to encourage EEC sugar exports. Dealers estimated yesterday that weekly exports of at least 60,000 tonnes are needed for the rest of the season to dispose of excess supplies.

The world market decline *is believed to have made it* profitable to cancel earlier export licences bearing levies, and replace them with new subsidised licences. Dealers said they thought a large number of yesterday's licence bids represented such substitution.

In Paris meanwhile, French sugar traders said the country's beet plantings are likely to rise between 7 per cent and 10 per cent this year from last year's level of around 516,000 hectares, reports *Reuter. The forecast is highly* provisional as plantings have not yet begun. However, most sources said a rise of 7 per cent is the minimum that can be expected.

Latest agriculture ministry estimates put total 1980/81 production at 3.91m tonnes, against a record 3.97m tonnes in 1979/80.

Philippines resolves its sugar market problems

BY RICHMOND COWPER IN BACOLOD, NEGROS

THE RECENT cancellation of an estimated 700,000 tonnes of short-term Philippine sugar contracts with buyers in London and *New York* has continued to baffle many sugar experts and traders. It now seems clear that when the short-term contracts were negotiated in the middle of last year by Nasutra—the semi-official sole trading agency for Filipino sugar—the agency believed that it would have considerably more sugar available for export in the 1980-81 crop year than turned out to be the case.

The tonnages were to come from existing stocks and a projected increase in production. However, of the 2.3m tonnes *contracted for delivery in 1980* and early 1981, less than 1.8m tonnes was available for shipment. This left Nasutra with unexpected extra commitments of 500,000 tonnes—the largest *part of the contracts cancelled* with foreign traders in February.

Largely due to "disappearances" and deterioration, stocks were much less than originally thought, while overzealous trading by Nasutra and a lower than expected sugar crop meant that the agency found itself oversold by a least 700,000 tonnes. The selling agency is, however, understood to have extracted itself well, making considerable profits by repurchasing the sugar at discounted prices.

By February, sugar prices *had fallen well below those* agreed in the original contracts and traders felt it best to cut their losses and agreed to cancel the contracts, while the Philippines, *not having* the sugar, was only too pleased to withdraw at a profit.

Last year sugar regained its traditional place as the Philippine's top commodity export after four disastrous years which plunged planters into debts totalling well over $350m and brought widespread hardship to the 5m people who rely on the industry for their daily livelihood.

The recovery from what all agree were the worst years in the history of the Philippine industry has been largely due to the increase in the sugar price on world markets. From an *artificial* high of 64 cents per pound in 1974 sugar plunged to as low as 6 cents in 1977 at a time when production costs in Negros, the island *which* accounts for over 60 per cent of *Philippine sugar production*, were around 11 cents. Last year world sugar prices recovered to an average of around 29 cents from an average of 9.6 cents per pound in 1979.

The tight market supply position last year enabled the Philippines to unload virtually all its stocks on to the market, which resulted in a 50 per cent increase in export volume. This one-off sale meant that the Philippines sold 1.87m tonnes of sugar on the world market in calendar 1980, up from 1.16m tonnes in 1979.

Export receipts jumped 189 per cent from $240m in 1979 to $693m.

In spite of the prospect of reasonable *world* prices for 1981 and the likelihood of a 5 per cent increase in production to 2.34m tonnes, the outlook for the industry is still mixed.

The industry is suffering from years of investment neglect, general inefficiency and heavy indebtedness. Cushioned until 1974 by an assured market in the U.S. at well above average world prices the sugar "barons" of Negros invested *much* of their profits in Manila and abroad or frittered it away. Little was ploughed back. The end of the special quota and price arrangement with the U.S. in 1974-75, and the subsequent decline in world sugar prices, meant that the industry has not had the resources to face up to the challenge of increasing productivity at a time of growing input costs.

In spite of the improvement *in prices last year sugar planters* were receiving only 50 per cent of export profits. The rest was used to repay the semi-Government sugar agency, Philsucom, the $350m in loans which it provided to planters to enable them to survive the disastrous 1978-79 crop year.

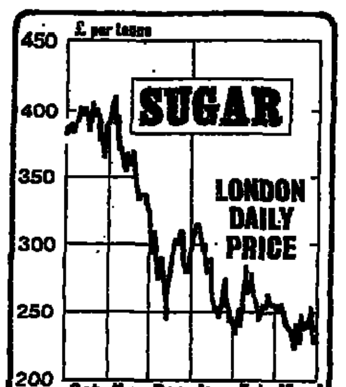
Many planters are also badly in debt to local banks for crop loans. The plunging prices in the mid-1970s meant that these normal annual debts could not be repaid at the end of the harvesting season

As a result big new investment in badly needed mechanisation and in improving poor infrastructure is unlikely to occur as fast as many experts believe is needed

That said, *however*, the Government and a growing, but still small number of planters, are beginning to realise that new investment is essential. Provided world sugar prices *don't plunge again*, next year should begin to see an increasing number of plantations going over to mechanised planting.

Investment planning has however been considerably helped by the sale on long-term contracts of nearly half the Philippine crop over the next four years. In the middle of last year Nasutra sold some 2m tonnes of *sugar* on long-term contracts, equivalent to 500,000 tonnes a year, starting in 1981 and ending in 1984, at an average price of 23.50 cents a pound.

Though this move proved controversial at a time when the world market price of sugar was 35 cents a pound it will enable planters to plan future investment with a degree of certainty they would not have had if all the country's exports were sold on either short-term contracts or on the spot market. With the world price of sugar now close back to 20 cents Nasutra's move now seems to have been a far-sighted one.



Wool price freeze attacked

By Richard Mooney

BRITAIN'S SHEEP farmers are disappointed at the Government's decision not to raise the guarantee price for wool in the 1981-82 season.

Mr. Peter Walker, the UK Agriculture Minister, told the House of Commons this week that lower market prices expected in the coming year meant that more Government money would be needed just to keep the guarantee at the present level of 115p a kilo.

Mr. Joe Raine, chairman of the National Farmers' Union livestock and wool committee said wool made an important contribution to the income of upland farmers and the decision to freeze the guarantee would push producer margins down *again*. "This is to be regretted," he said.

In a written reply to a Parliamentary question Mr. Walker had said: "Largely as a result of currency fluctuations, UK *wool* market prices have been weaker than expected over the past year, causing the stabilisation fund administered by the British Wool Marketing Board to move into deficit; prices in the coming year seem likely to be appreciably lower than the guaranteed price, necessitating the continuation of Exchequer advances to the fund."

He pointed out that the EEC sheepmeat regime agreed last year would continue to give producers higher returns than under previous national arrangements.

Grants to UK fishing industry

By Our Own Correspondent

BRITAIN'S fishing industry has been awarded grants totalling £2.46m from European Com*munity funds.*

The money is for 53 projects involving the building or modernisation of vessels less than 80 ft long or the development of marine fish farming. In England, grants of just over £300,000 go to three construction and nine modernisation projects.

Eighteen construction and two modernisation projects for vessels and four fish farming projects in Scotland have been awarded £1.7m.

In Northern Ireland, £364,000 goes to 16 modernisation pro*jects and in Wales one project* for building a fishing vessel receives £6,500.

India to export coarse rice

BY K. K. SHARMA IN NEW DELHI

INDIA is to export foodgrains like coarse rice in substantial quantities under a new policy announced to Parliament yesterday. This is an item of mass consumption in India and its export was banned until now.

Small quantities of fine quality rice have been exported to Middle East countries in the past *few years* but the new permission given to export coarse rice —eaten mainly by people with low incomes—means that the government has decided to use the food stocks to earn foreign exchange.

The decision comes as a surprise, since grain stocks are at a low level at present and are thought to be well below the 10m tonnes mark considered to be a safe buffer stock.

Much of the stocks are thought to be of rice. Obviously, the balance of payments difficulties owing to oil imports have made it necesary to export grain in spite of the strain on the stocks and rain damage to the current crops in the main wheat producing areas.

The change was announced in the export policy for 1981-82 presented to parliament yesterday by Commerce Minister Pranab Mukherjee. Permission to export seven other food items is among the main changes made.

Meanwhile from Moscow David Satter writes: Massive *purchases of Argentine grain* by the Soviet Union, following the U.S. embargo on grain sales to Russia, boosted trade fourfold last year between these two countries.

Detailed trade statistics in the Soviet journal Foreign Trade show that in spite of their ideological differences, trade between the Soviet Union and Argentina last year rose to a value of Roubles 1.19 billion (£800m) against a value of only R313.5m in 1979.

Argentina exported 7.6m tonnes of grain and oil seeds to the Soviet Union in 1980. Altogether Argentina has agreed to sell the Soviet Union 22.5m tonnes of grain over the next four years.

Limestone scheme to boost soil quality

BY DIANA SMITH IN LISBON

THE ABUNDANT limestone outcrops that range over a 50 mile area in central Portugal will be the focus of a $10m U.S. *aid project destined to improve* soil quality in the north and north east.

In these areas, Portugal's small farmers grow meagre corn crops: about 90,000 tonnes annually, with a tiny yield per hectare of 1.3 tonnes, compared with EEC averages of 4 tonnes.

The soil has a very high acid *content*: hence the plans for judicious application of limestone, to permit optimum use of fertilisers and, in five years' time increase yields per hectare to about 3.9 tonnes.

Portugal imports 2.8m tonnes a year of corn for feed grains, as well as 200,000 tonnes of sorghum and 500,000 tonnes of soyabeans and soyameal—a *heavy drain on foreign reserves.* The lion's share of these imports comes from the U.S. which supplied $600m worth of grain or feed stocks in 1980.

The U.S. aid project, married to the benefits Portugal took from the PL-480 cheap grain credits—of which it could avail itself as a less-developed nation between 1973 and 1980 — will be applied to increased production of limestone, transport and storage, as well as field work in the north and northeast, where 24 experts are touring small farms taking soil samples and advising farmers on how to apply the limestone.

Farmers can draw on *the aid* funds to buy limestone. About 70,000 hectares (175,000 acres) will benefit from the project and although yields five years from now will still not match EEC averages, the improvement is deemed substantial enough to ease some of the foreign exchange burden. It could be that modest quantities of sorghum will be grown on the improved soil — a crop that would be new to Portugal.

Strike news lifts lead

By John Edwards, Commodities Editor

LEAD PRICES moved up sharply again on the London Metal Exchange yesterday following news of a strike by mine workers hitting St. Joe *Minerals, one of the biggest* U.S. lead producers. The cash price closed £9.75 higher at £346.25 a tonne and the three months' quotation rose to £353 in late dealings after having traded at £338 earlier in the day.

Copper values also advanced, encouraged by more stability in the gold market and news of prime rate interest cuts in the U.S. Cash wirebars closed £11.5 up at £845.5 a tonne. Cash cathodes rose by £12.5 to £839.5 reflecting a shortage of immediately available supplies to the market.

Other metal markets were generally firmer, with the exception of aluminium which came under pressure on reports of fresh arrivals of stocks into the *LME* warehouses.

India to set up tea packing centres

By K. K. Sharma in New Dehli

THE TEA Trading Corporation of India has decided to establish two tea packaging centres — in Singapore and Egypt—this year to boost exports of the commodity.

The Singapore centre will be set up in collaboration with a private company while the centre in Cairo will be in co-operation with the Egyptian Government.

The centres are to be established to overcome recurrent labour problems at Calcutta port and tea warehouses which have frequently upset shipment *programmes* and reduced the credibility of Indian tea exporters in world markets.

Sheep scab case confirmed

A CASE of sheep scab was confirmed this week at a farm in the parish of *Hoon* near *Hatton* in South Derbyshire.

A standstill of livestock will be imposed on the farm, but local markets in the area would not be affected as there was little chance of the outbreak spreading.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Higher on the London Metal Exchange with three months moving ahead from £861 to £867 before closing the late Kerb at £866 following news that Anaconda Brass are not going on strike. *Turnover: 17,175 tonnes.*

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	841-.5	+5.75	845-6	+11.5
3 months	861-.5	+3	866-.3	+11
Settlem't	841.5	+5.5	—	......
Cathodes				
Cash	834.5-5.5	+6.5	839-40	+12.5
3 months	849.5-50	+4.25	853-4	+10.5
Settlem'	835.5	+6.5	—	......
S. Prod	—		*87-92	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £841, three months £863, 62, 61, 61.5, 61, 60, 61, 61.5, 62, 61.5. Cathodes, cash £834, 36, 35, three months £850. Kerb: Wirebars, three months £861.5, 61, 61.5. Afternoon: three months £863, 63.5, 64, 67, 66, 66.5, 67, 66.5, 66, 66.5. Cathodes, Three months £853. Kerb: Wirebars, three months £866, 666, 67, 66.5, 66.

TIN—Firmer as light physical interest and renewed buying of cash lifted forward metal to £6,250 by the close of the late Kerb. Turnover: 600 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6165-70	+40	6175-85	+40
3 months	6250-60	+15	6245-50	+20
Settlem't	6170	+40	—	......
Standard				
Cash	6165-70	+25	6175-85	+40
3 months	6225-35	+40	6245-50	+20
Settlem,t	6170	—0.21	—	......
Straits E.	$530.69	....	—	......
New York	—	......	—	—

Morning: Standard, cash £6,170, three months £6,230, 40. Kerb: Standard, three months £6,240, 50. Afternoon: Standard, three months £6,250. Kerb: Standard, three months £6,250, 55.

LEAD—Sharply higher on news of a strike at St. Joe Minerals. Forward metal opened at £338 and moved ahead to £353 before easing on profit-taking *to close the late Kerb at £350.* Turnover: 12,300 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	347-8	+9.75	346-.5	+8.75
3 months	350-1	+8.5	350.5-1	+9
S'ment	348	+10	—	......
U.S. Spot	—	......	*34-6	......

Morning: Cash £346, 46.5, three months £345, 46, 47, 48, 48.5, 49, 50, 49.5, 50. Kerb: Three months £350, 49. Afternoon: Cash £348, 45.5, 46, three months £352, 53, 52, 51, 50, 49.5, 50, 50.5, 51. *Kerb: Three months £350,* 50.5, 50.

ZINC—Edged higher but closed below the day's best levels. Forward metal moved ahead from £370 to £373.5 before profit-taking pared the price to £369 by the close of the late Kerb. Turnover: 6,425 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	365-6	+5.5	362-5	—3.5
3 months	373-.5	+2	371-2	+2.75
S'ment	366	+3	—	......
Primw'ts	—	......	*41.5	......

Morning: Cash £365, three months £373, 72, 72.5, 72, 71.5, 72, 72.5, 72, 73. Kerb: Three months £373. Afternoon: Cash £362, three months £373, 72, 71.5. Kerb: Three months £371.5, 71, 70.5, 70, 69.5, 70, 69.5, 69.

ALUMINIUM—Moved narrowly before closing the late Kerb at £642.75. Turnover: 7,550 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	633-.5	—5.25	632.5-4.5	—5
3 months	639.5-40	+2.75	641.5-2.5	—1.25

Morning: Cash £633, three months £641, 40, 39, 39.5, 40. Kerb: Three months £639.5. Afternoon: Three months £641, 42, 43, 42.5, 42. Kerb: Three months £643, 42.5.

NICKEL—Held steady with three months advancing from £2,800 to £2,810 by the close of the afternoon Kerb. Turnover: 576 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2810-20	—22.5	2810-20	+2.5
3 months	2800-5	—8.5	2806-15	+12.5

Morning: Cash £2,820, three months £2,795, 2,805, 10. Kerb: Three months £2,810. *Afternoon: Three months* £2,805.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 12.1p an ounce lower for spot delivery in the London bullion market yesterday at 536.95p. U.S. cent equivalents of the fixing levels were: spot 1202.0, down 24.9c; three-month 1245.6, down 25c; six-month 1288.9, down 25c; and 12-month [illegible]. The metal opened at 532-541p ($11.95-12.15) and closed at 535-544p ($12.00-12.20).

SILVER per troy oz.	Bullion + fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	536.95p	—12.1	541.25p	+11
3 months	553.25p	—12.5	558.95p	+10
6 months	568.80p	—12.0	......	......
12months	603.80p	—14.5	......	......

LME—Turnover 75 (99) lots of 10,000 ozs. Morning: three months 553, 54. Kerb: unquoted. Afternoon: three months 556, 57, 56.5, 57, 58, 57, 58. Kerbs: three months 559, 60, 59.

COCOA

Cocoa futures opened £5 higher as *dull and remained steady throughout another dull day* as Commission House supports coupled with Arbitrage buying helped prices to close with gains of £10. Physical business continued to be neglected, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
May	927-929	+11.5	930-921
July	957-958	+11.0	960-951
Sept	976-977	+8.0	976-971
Dec	997-998	+8.5	999-990
March	1017-1018	+7.5	1019-1012
May	1034-1036	+7.0	1032
July	1048-1055	+6.0	1056

Sales: 1,696 (1,868) lots of 10 tonnes. ICCO Indicator prices (U.S. cents per pound) for March 31: Daily price 1981: 96.38 (94.99); five-day average 95.89 (96.28).

COFFEE

A marginally lower opening attracted very little interest during a featureless morning session, reports Drexel Burnham Lambert. However, activity picked up slightly during the afternoon on Commission House selling and trade support which together with dealer *profit-taking established a consolidation level around £10-£15 lower.*

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1055-56	—12.0	1067-55
July	*1051-52*	*—12.5*	*1063-50*
Sept	1051-52	—11.5	1061-49
Nov	1047-48	—13.5	1060-46
Jan	1049-53	—11.0	1060-58
March	1046-51	—8.0	1056-53
May	1042-60	—	—

Sales: 1,455 (2,043) lots of 5 tonnes.

ICO Indicator prices for March 31: (U.S. cents per pound): Other Mild Arabicas 129.33 (129.83); Robustas ICA 1976 115.50 (same); ICA 1968 115.75 (same) Unwashed Arabicas 218.50 (same). Comp. daily ICA 1968 unquoted.

GRAINS

Lack of sellers and good demand from commercial and trade sources pushed wheat values higher. Barley saw thinner trade but a lack of sellers increased values too. New crops opened higher and after a nervous start god demand, mainly on wheat, values increased further. Barley saw some hedge selling pressure at the highs, reports ACLI.

WHEAT			BARLEY	
Mnth	Yesterd'ys *close*	+ or —	Yesterday *close*	+ or —
May	115.10	+1.3	100.50	+0.95
July	118.15	+1.25	—	....
Sep	101.20	+1.10	95.90	+2.55
Nov	104.80	+1.15	99.50	+0.70
Jan	108.50	+1.15	102.95	+0.65
Mar	112.15	—	106.35	....

Business done—Wheat: May 115.10-114.10, July 118.15-117.10, Sept. 101.20-100.70, Nov. 104.80-104.15, Jan. 108.50-107.85, March 112.15-111.85. Sales: 361 lots of 100 tonnes. Barley: May 100.50-99.75, Sept. 96.05-95.80, Nov. *99.55-99.40, Jan. 103.00-102.90, March* no trades. Sales: 198 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Hard Winter 13½ per cent April 104, May 103.50, June 102.50 transhipment east coast. English Feed fob April 117, May 118 Maize: French April 124 transhipment east coast. *South African* Yellow April 87.00. Barley: English Feed fob April 103, May 104.25 Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: N. East 114.70. Feed barley: E. Mids. 98.10, Scotland 99.70. The UK Monetary Coefficient for the week beginning Monday April 6 is expected to change to 0.871, subject to confirmation by the Council of Ministers.

RUBBER

The London physical market opened easier, with little interest throughout the day, closing inactive. Lewis and Peat reported an fob April price for No. 1 RSS in Kuala Lumpur of 263.0 (270.5) cents a kg and SMR 20 at 242.5 (247.5).

No. 1 R.S.S.	Yest'rdy's close	Previous close	Business Done
May	54.00-54.20	55.20-55.50	54.50-54.00
June	56.00-56.50	56.00-56.50	[illegible]
Jly-Sept	57.20-57.30	58.50-58.60	58.00-57.00
Oct-Dec	60.60-60.80	61.30-61.40	61.60-60.50
Jan-Mar	63.40-63.50	64.00-64.10	64.50-63.30
Apl-Jne	66.00-66.10	66.80-66.90	67.20-66.00
Jly-Sept	68.40-68.60	69.20-69.40	[illegible]
Oct-Dec	70.80-71.00	71.60-71.70	71.80-71.00
Jan-Mar	73.00-73.20	74.00-74.10	[illegible]

Sales: 517 (493) at 15 tonnes, 16 (5) at 5 tonnes. Physical closing prices (buyer) were: Spot 52.50p (54.00p); May 56.00p (57.25p); June 56.75p (58.00p).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 320 tonnes, bringing the total for the week so far to 607 tonnes. Renewed pressure for supplies [illegible]

SOYABEAN MEAL

The London market opened £1 higher on fresh Commission House buying, reports T. G Roddick. Short covering late in the afternoon session caused a further rally and prices closed on highs.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
April	125.00-25.5	+0.75	125.70-24.50
June	128.70-27.0	+1.25	127.00-26.00
August	129.50-30.0	—0.90	130.00-28.50
October	131.70-31.8	—0.60	131.50
December	132.60-34.0	+1.50	—
February	134.00-35.5	+1.25	—
April	134.00-38.0	+1.00	—

Sales: 96 (58) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £226.00 (same) a tonne for cif. April-May shipments. White sugar daily price was £257.00 (£260.00).

Prices were some 100 points below overnight levels but selling interest was *very slight. Later, however, after the* EEC granted subsidies on exports of 75,500 tonnes heavier offerings developed and losses of some £3-£4 occurred before the market began to recover at the close, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
May	225.00-26.25	225.00-25.25	255.50-25.50
Aug.	223.50-23.75	221.00-21.25	228.00-20.50
Oct.	220.50-21.00	219.00-19.50	227.00-18.00
Jan.	212.00-13.00	209.50-10.00	210.50-10.00
March	212.00-12.50	210.25-10.50	215.50-09.00
May	212.00-12.50	210.40-10.50	213.00
Aug	212.00-13.00	210.00-11.00	—

Sales: 7,455 (10,554) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.5 (same) a tonne for home trade and £303.50 (£302.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for March 31: Daily price 21.00 (21.03); 15-day average 21.77 (same).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kilo. May 347, 355, 350; Aug. 356, 358, 358-357; Oct. 359, 364, 360; Dec. 369, 372, 370-369; Jan. 375, 377, 376; March 381, 388, 382; May 382, 387, 384; August 384, 388, 385; Oct. 384, 390, 388-387. Sales: 32.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business). Australian cents per kilo May 484.0, 485.0, 486.0-480.0; July 486.0, 487.0, 492.0-480.5; Oct. 481.5, 482.5, 487.0-476.5; Dec. 485.5, 487.0, 489.0-480.5; March 493.0, 495.5, 497.0-490.0; May 499.5, 500.0, 499.5-495.0; July 503.0, 507.0, 503.0-502.0; Oct. 503.5, 510.0, 505.0-505.0. Sales: 499.

POTATOES

LONDON POTATO FUTURES—Further strength in new crop, especially November, created good interest from all quarters. April slipped to £52 in *early dealings, at which price it settled* for most of the day before again easing during afternoon to close at the low. Closing prices: April 51.50, —140 (high 52.00, low 51.50); Nov. 59.00, +70, (high 59.50, low 58.50) Feb. 67.60, +30 (high 67.70, low 67.30). Turnover: *179 (103) lots of 40 tonnes.*

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 72.8 to 76.8; English hindquarters 88.0 to 0.0; Ulster hindquarters 88.0 to 0.0, forequarters 54.0 to 57.0; Eire hindquarters 85.0 to 88.0, forequarters 54.0 to 57.0. Veal: Dutch hinds and ends 112.0 to 118.0. Lamb: English small 70.0 to 82.0, medium 74.0 to 78.0, heavy 60.0 to 74.0. Imported frozen: N.Z. PL 58.0 to 58.0, N.Z. PM 56.0 to 57.0. Pork: English, under 100 lb 45.5 to 51.0, 100-120 lb 44.5 to 50.0, 120-180 lb 40.0 to 47.0. [illegible]

MEAT COMMISSION—Average Fatstock prices at representative markets on April 1. GB—Cattle 91.46p per kg lw (+1.42); UK—Sheep 180.42p per kg est dcw (—0.75): GB—Pigs 73.64p per kg lw (+1.94).

COVENT GARDEN—Prices for the bulk *of produce, in sterling per package* except where otherwise stated. Imported Produce: Oranges—Jaffa: Shamoutis/V. Lates 50/189 4.85-5.25; Spania: Navels 48/100 4.20-4.80; Cyprus: V. Lates 80/120 3.20-3.50; Moroccan: Lates 64/113 3.80-4.40. Lemons—*Spania:* Trays 25/54 2.20-2.40; 15 kg boxes 5.50; Cyprus: 10 kg 4.00-4.40; Californian, 95/140 6.50; Italian: 100/120 4.50; South African: 80/100 5.80; Jaffa, 5.80. Grapefruit—Cyprus: 20 kg 40/64 3.20-3.80; Jaffa, 20 kg 36 4.45, 40 4.50, 48 4.65, 56 4.40, 64 4.05, 75 3.85. Wilkings—Jaffa: 22 lb 80/90 4.90-5.95.

English Produce: Potatoes—Per bag 1.80-2.20. Mushrooms—Per pound 0.50-0.60. Apples—Per pound Bramleys 0.06-0.14, Spartans 0.10-0.15, Cox's Orange Pippins 0.14-0.26 Pears—Per pound *Conference 0.08-0.15, Comice* 0.14-0.18. Cabbages—Per bag 1.40, White cabbages 3.40. Beetroots—Per bag 2.40-1.80. Lettuce—Per 12, round 1.20-1.40. Tomatoes—Per 12 lb English, per pound D 0.55, E 0.50. Cucumbers—Per 12/16 2.60-3.40. Sprouts—Per *pound 0.08-0.09.* Leeks—Per 10 lb 2.00, Rhubarb—Per pound forced 0.14-0.18, Swedes—Per 28 lb Devon 0.75-1.00. Parsnips—Per 28 lb 2.40-2.60. Turnips—Per 28 lb 1.20-1.40. Cauliflowers—Per 28 lb Kent 2.40-3.00.

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£4.50, codlings £2.40-£3.20. Large haddock £4.00-£4.80, medium £3.50-£4.70, small £2.00-£3.50. Medium plaice £2.80-£3.00, best small £2.50-£3.50, skinned dogfish (medium) £8.50-£13.50. Lemon soles (large £12.00; medium £10.00. Saithe £1.60-£2.30.

PRICE CHANGES

	Apr. 1 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt	$1415/1445	....	$1420/450
Copper			
Cash w'bar	£845.5	+11.5	£788.5
3 mths	£866.25	+11	£811.25
Cash Cathode	£839.5	+12.5	£786.5
3 mths	£853.5	+10.5	£798.75
Gold troy oz	$517.5	+10	$464.5
Lead Cash	£346.25	+9.75	£328.75
3 mths	£350.75	+9	£330.75
Nickel	£3,358.65	....	£3,358.65
Freemkt	280/500r	....	275/290c
Platin'mtr'y oz	£213.5	....	£213.50
Freemkt	£230.85	+4.75	£200.80
Quicksilvert	$415/425	....	$400/410
Silver troy oz	536.95p	—12.18	540.80p
3 mths	553.25p	—12.55	557.80p
Tin Cash	£6,180	+40	£6,040
3 mths	£6,247.5	+20	£6,187.5
Tungsten 22.04 lb	$146.25	....	$145.47
Wolfrm 22.04 lbs	$147/151	—1	$151/155
Zinc Cash	£363.5	+3.5	£339
3 mths	£371.5	+2.75	£399.5
Producers	$825	....	$825
Oils			
Coconut (Phil)	$530x	....	$585
Groundnut	‡	....	‡
Linseed Crude	£405	—2	£415
Palm Malayan	$565x	....	$600
Seeds			
Copra Philip	$360	+10	$405
Soyabean (U.S.)	$322	+4	$302
Grains			
Barley Futures	‡	....	£101.00
Maize			
French	£124	....	£123
Wheat			
No 1 Red Spg.	‡	....	‡
No2 HardWint	£104	+1.75	£106
Eng. Millingt	‡	....	‡
Other commodities			
Cocoa ship't	£1,024	+12	£1005
Future May	£938	+11.5	£919.5
CoffeeF t'May	£1055.5	—12	£1036.5
Cotton A.Index	90.50r	—0.2	93.30r
Rubber (kilo)	52.50p	—1.5	58.50p
Sugar (Raw)	£226.0w	....	£255
Woolt'ps 64s kl.	316p kilo	....	325p kilo

† Unquoted. u May-June. x June. w April-May. v May. z Indicator. § Buyer. ‡ Per 45 lb flask. * Nominal.

AMERICAN MARKETS

Tuesday's closing prices

NEW YORK, March 31.

Despite major swings, gold finished moderately higher and silver sharply lower on profit taking. Copper *responded to trade support* with a good rally. The livestock complex rallied sharply on the close, primarily on technical buying despite major weakness in cash product markets. Grains and soyabeans closed on their highs on technical and local buying. Heating oil continued moderately due to unseasonably warm temperatures. Cotton rallied in sympathy with the grains on local and technical buying. Sugar finished fractionally higher on trade buying and short covering ahead of producer selling rallied the cocoa market for moderate gains. The threat *of suspension in Brazilian coffee registrations resulted in modest gains.*

[illegible]

Feb 92.58-92.5, Mch. 97.5-98.5, Apl. 110.7-111.5. Sales. 1,883.

§Silver—Apl. 118.95 (121.50) May 120.1-120.50 (124.20), June 121.90, July 123.34-123.70, Sep. 126.60, Dec. 131.00, Jan. 132.90, Mch. 136.05, May 139.20. [illegible]

EUROPEAN MARKETS

ROTTERDAM, April 1.

Wheat—U.S. Two Dark Hard Winter 13.5 per cent. April $213, May $213, June $210, July $209. U.S. No. Two Red Winter April-May $208, June-July $192. U.S. No. Two Northern Spring 14 per cent. April $207.50, April-May $207, May $206.25, June $205.75, July $208, Aug. $209, Sept. $210.50, Oct. $214, Nov. $217.

MAIZE—U.S. No. 3 Corn Yellow April $165.50, March $165, April $164.50, May $167.50, June $170.50, July-Sept. $174.50, Oct.-Dec. $175, Jan.-March $188.

SOYABEANS—U.S. Two Yellow Gulf ports April $316, May $318, June $322, July $324.50, Aug. $327, Sept. $331, Oct. $334, Nov. $334.25, Dec. $339.50, Jan. $345.50, Feb. $351.50, March $354. Argentine June-July $316.50. Option Arg-Urg-Brazil-Par-Gulf May $312, June $315.50, July $316.50.

Soyameal—44 per cent protein U.S. April $271, April $276, April-May $269.50, June $272.50, April-Sept. $275, Nov.-March $286. Brazil Pellets April $281, April-May $281, April-Sept. $288.50.

PARIS, April 1.

Cocoa—(FFr per 100 kilos): May 1015-1025, July 1038-1055, Sept. 1076-1084, Dec. 1100-1110, March 1125-1133, May 1150-1158. Sales at call: nil.

Sugar—(FFr per tonne): May 2710-2740, July 2630-2703, Aug. 2685-2630, Oct. 2471-2475, Nov. 2450-2500, Dec. 2395-2405, March 2360-2365, May 2360-2380. Sales at call: 18.

INDICES

FINANCIAL TIMES

Mar. 31	Mar. 30	Month ago	Year ago
261.56	260.09	257.11	284.07

(Base: July 1, 1952=100).

MOODY'S

Mar. 31	Mar. 30	Month ago	Year ago
1125.1	1133.1	1125.1	1121.8

(December 31, 1931=100)

DOW JONES

Dow Jones	Mar. 31	Mar. 30	Month ago	Year ago
Spot	416.58	417.15	421.55	391.42
Fut'rs	428.67	426.23	434.97	418.02

(Average 1924-25-26=100)

REUTERS

April 1	Mar. 31	Month ago	Year ago
1696.6	1698.2	1732.4	1697.8

(Base: September 18, 1931=100)

Another display of all-round strength but emphasis switches to secondary issues—Gilts also move higher

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Mar. 16	Mar. 26	Mar. 27	Apr. 6
Mar. 30	Apr. 8	Apr. 9	Apr. 21
Apr. 10	Apr. 29	Apr. 30	May 11

* "New time" dealings may take place from 9 am two business days earlier.

Yet another gloomy assessment of the UK economic outlook, this time from the Bank of England in its quarterly bulletin, failed to take the shine off the recent strong performance by London equity markets. Fresh investment enthusiasm induced another widespread improvement throughout the equity sectors, although the pace of the advance in the leaders slowed considerably.

Assisted by Wall Street's good overnight rise, leading industrials opened a few pence higher, but thereafter did little more than maintain the enhanced levels. The dearth of interest in leading shares was well illustrated by the movements in the FT 30-share index; up 2.7 at 10.00 am, it improved marginally to stand 3.4 higher at the noon calculation before easing back to close 1.7 up on balance at 529.8. The broader based FT-Actuaries All-Share index edged nearer its best-ever level to end 0.6 per cent up at 311.45.

Company trading announcements provided many features with **Reckitt and Colman** outstanding owing to preliminary results above market expectations. Foods benefited as a sector from **Reckitt and Colman's** figures, while Engineerings staged a broad advance on buying triggered by recovery hopes, the latter reviving after news of the maintained interim dividend payment from **Babcock International**. Preliminary statements from **GRE, Phoenix** and **Sun Alliance** were accorded a good reception and Composite Insurances brightened considerably after the recent setback on Eagle Star's disappointing annual figures. Deals for "bed and breakfast" were again substantial, otday being the last day to establish losses for the current tax year.

Strengthening hopes of another reduction in domestic *interest rates in the not too distant future* helped British Funds extend Tuesday's upturn. Despite a tendency to falter at *one stage, mediums* and longer maturities went better late to close at the day's best showing gains extending to ¾. Short-dated *issues* were *unaffected by* thoughts that applications for the new tap, **Treasury 11¾ per cent 1985**, were insignificant, and *recorded rises of ¾: tenders* for the tap were alloted in full at the minimum price of £96¼, £15-paid, and dealings commence *this morning*.

Sun Alliance jump

GEC attracted an active Traded options business and recorded 390 deals, 283 of which were struck in the April 650's. **P & O** were also in demand with 244 trades. Total contracts amounted to 1,589, down on Wednesday's 2,456, but well *above last week's daily average* of 1,124.

In complete contrast to the recent disappointing statements from Eagle Star and Prudential, the crop of preliminary figures reported by four Insurances yesterday proved to be better than expected and consequently met with a ready response. **Sun Alliance** featured with a jump of 48 to 882p following profits at the top end of estimates and a near 18 per cent dividend increase, while **GRE** firmed 8 to *348p, after 350p*, and **Phoenix** gained 6 to 276p after 278p, both on good preliminary figures. Other Composites improved in *sympathy*. **Eagle Star** were active and closed 9 better at 242p, while **Royals** were 13 to the good at 390p. Elsewhere, ***Legal and General*** reflected the 56 per cent rise in annual earnings with a gain of 7 to 245p, after 247p. **Equity and Law** put on 10 at 370p and **Pearl** rose a similar amount to 460p. **Hambro Life** appreciated 7 to 362p. Against the trend, **London United Investments** fell 13 to 175p on news of a disappointing oil drilling report.

Still reflecting fading hopes of a counter bid, **Royal Bank of Scotland** softened 4 more for a two-day reaction of 8 to 134p.

Distilleries trended lower with the notable exception of ***Arthur Bell***, which attracted good support and advanced 8 to 184p.

The volume of business in Buildings contracted, but the undertone remained firm and the leaders usually improved. **Redland** were noteworthy for a gain *of 5* at 190p, **Tarmac** edged up 4 to 331p and **Blue Circle** hardened a couple of pence to 422p. Elsewhere, **Breedon and *Cloud Hill Lime Works*** firmed 3 to 108p awaiting today's preliminary results and **F. J. C. Lilley**, annual figures due on *April 9, gained 5 to 143p*. **Derek Crouch** attracted renewed investment support and gained 13 to 240p, while **Rohan** put on 10 *for a two-day gain of 20 to 175p* in response to the good annual results and proposed £2.72m rights issue. **Francis Parker** came in for support at 28½p, up 2½, and **Stanley Miller** gained 1½ to 13p.

House of Lerose good

Store movements were again confined to secondary counters. Press comment lifted **House of Lerose** 13 to 92p; the preliminary results are expected today. Pawnbrokers **Harvey and Thompson** rose 7 to 62p, while the better-than-expected annual earnings put **Hiltons** up 4 to 84p. Mail-orders continued easier and **Freemans** *shed 4 at 126p*.

Telephone Rentals highlighted Electricals, rising 20 to 310p in response to the Government's *decision to allow private companies* to take on the maintenance of telephone switchboards. News of the group's planned redundancies in its communications division caused early caution in **Plessey**, which drifted down to 326p before rallying to close up 4 on balance at 333p. **GEC** rose 10 afresh to 687p and **Thorn EMI** improved 4 to 336p. **Philips' Lamps** closed 10 better at 385p; the price and change in yesterday's issue was incorrect. **Rediffusion** found support at *174p, up 9, and* **Unitech** *put on 7* at 253p.

Engineerings enjoyed an active and firm session as buyers, *hoping that the recession has* reached its nadir, found stock in short supply. Secondary issues were particularly buoyant with gains of between 13 and 18 recorded in **Chemring**, 251p, **B. Elliott**, 177p, **Matthew Hall**, 366p, and **Haden Carrier**, 272p. ***Babcock International*** rose 12 to 126p, the maintained dividend cushioned news of the sharp annual profits setback. **Molins** added 7 to 129p in response to the better-than-expected results, while **Northern Engineering** firmed 3½ to 82p and **Howden Group** rose 6 to 146p on news of the nuclear power contract. *Details of a proposed £10.47m* rights issue which accompanied the results left **Spirax Sarco** 5 up at 183p. **McKechnie** added *9 to 120p*, while **Mining Supplies** put on 8 to 158p, and **Ratcliffe (Great Bridge)** appreciated 7 to 60p. Following overnight details *of the disposal and closure of its* loss-making steel interests to the British Steel Corporation, dealings in **Duport** were resumed at 12p and the *close was 8p*. ***Weir Group*** shed 2½ to 23p in reaction to news of its financial reconstruction in the wake of the final dividend omission and £8.3m loss.

Fresh investment demand developed for leading Food shares and numerous firm features were apparent. Buying ahead of the preliminary results, due in the next couple of weeks, raised **Rowntree Mackintosh** 10 to 186p, while **Northern Foods** rose 9 more for a two-day gain of 16 to 190p in a market short of stock. Among Retailers, **Associated Dairies** firmed 8 to 214p, while recently neglected ***Linfood*** *picked up 6 at 144p*. **Bishops Stores A** put on 7 to 88p following revived speculative interest and **Nicholls (Vimto)** *rose 15 to 208p, the latter in a* thin market.

Reckitt and Colman figured prominently in miscellaneous industrials, jumping 28 to 238p after the much-better-than-expected preliminary results. **Unilever** rose 18 to 518p, after 520p, *in sympathy*. Other leaders made further progress with **Pilkington** ending 7 up at 310p and **Metal Box** 6 dearer at 190p. **Bowater**, however, cheapened 4 on profit-taking to 237p; the results are due next Thursday. Elsewhere, **Dobson Park** revived *with a gain of 11 to 109p* and **Cape Industries** added a similar amount at 216p, the latter after comment on the results. Firm of late *on suggestions of an* American rescue bid, **ICL** lost 5 at 41p.

Selected Leisure issues attracted renewed support. **Pleasurama** advanced 20 to 253p following the chairman's optimistic comments on current trading, while holiday concerns **Horizon**, 252p, and **Saga**, 308p, gained 14 and 25 respectively.

Recovery prospects continued to bolster **Lucas**, 6 better at 197p. **Jonas Woodhead** were wanted again and rose 4 for a two-day gain of 13 to 47p. **Dowty**, *on the* other hand, came on offer at 275p, down 4, and profit-taking clipped 3 from **Flight Refuelling**, at 345p. Distributors were featured by the reorganised **Godfrey Davis**, 7 dearer at 88p. **Tate of Leeds** added the turn to *84p in front of tomorrow's annual* results and **BSG** were supported at 15½p, up 2.

Among Newspapers, **BPM A** *added 6 to 89p* and ***Bristol Evening Post*** improved a similar amount to 203p.

Oils dull again

Oils made another dull showing with sentiment not being helped by **British Petroleum's** downward revision of domestic oil demand and talk of a possible glut. **BP** slipped to 368p before closing 4 cheaper on balance at 372p, **Shell** finished 10 down at the day's lowest level of 364p and **Burmah** gave up 9 at 155p, the last-named following a "sell" recommendation. **Lasmo** lost 18 at 575p. News of a disappointing drilling report from Warradong No. 1 well clipped 3½ from **Premier**, at 92p.

Demand for Rubbers faded and falls of 5 and 9 respectively were *incurred* by **Sungei Bahru**, 213p, and **Bertam**, 95p on profit-taking. **Inch Kenneth**, however, encountered fresh demand and closed *12 higher at 215p*.

The surprise cut in Chase Manhattan's Prime rate lifted the bullion price to $517.50—a *day's gain of $10*—and prompted a rally in South African Golds. The latter moved narrowly either way in early trading before edging up to close on a firm note.

The turnover in Golds, however, remained at a low level. In the heavyweights, **Winkelhaak** were sold throughout the day and closed almost a point cheaper at £13, but **Buffels** and **Free State Geduld** attracted good support and rose ¾ to £19¼ and a point to £21¾ respectively.

Among marginal issues, **East Daggafontein** were outstanding and jumped 42 to a 1981 high of 142p on heavy speculative buying from Johannesburg and New York.

Financials were generally firmer. The London issues were again featured by **Tanks**, renewed persistent bid rumours lifting the shares a further 7 to a 1981 high of 350p. **RTZ** improved late to close 10 firmer at 475p, while **Gold Fields** rose 13 to 475p.

Australians were quietly mixed. **Northern Mining** partly-paid shares made further progress and closed another 5 to the good at a *1981 high of 155p, still* reflecting rumours of a possible warehousing operation; the fully-paid shares added 10 to 160p.

Elsewhere **Hemerdon Mining and Smelting** moved up strongly to close 7 firmer at 87p on news that the Hemerdon tin/tungsten deposit in Devon is considered to be a commercial proposition.

FINANCIAL TIMES STOCK INDICES

	Apr. 1	Mar. 31	Mar. 30	Mar. 27	Mar. 26	Mar. 25	A year ago
Government Secs.	70.13	69.84	69.62	70.16	70.18	69.81	64.98
Fixed Interest	71.57	71.41	71.36	71.94	72.00	71.88	65.37
Industrial Ord.	529.8	528.1	518.8	521.3	518.9	507.4	438.1
Gold Mines	341.7	341.0	352.7	370.1	361.1	364.7	284.7
Ord. Div. Yield	6.17	6.21	6.33	6.29	6.31	6.43	8.02
Earnings, Yld.%(full)	12.34	12.40	12.63	12.56	13.35	13.61	19.65
P/E Ratio (net) (*)	10.17	10.12	9.94	10.00	9.27	9.10	6.24
Total Bargains	34,139	32,065	30,052	29,621	29,260	28,884	33,566
Equity turnover £m.	—	164.46	140.82	204.75	206.76	166.24	109.73
Equity bargains total	—	30,599	26,118	27,759	28,478	25,533	24,616

10 am 530.8. 11 am 530.4. Noon 531.5. 1 pm 531.0.
2 pm 530.7. 3 pm 530.3.

Latest Index 01-246 8026.

*Nil=9.45.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/3)	68.05 (16/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int	72.01 (20/3)	69.98 (16/1)	150.4 (28/11/47)	50.55 (3/1/75)
Ind.Ord.	529.8 (1/4)	446.0 (14/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	421.1 (16/1)	281.4 (28/1)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Apr. 1	Mar. 30
—Daily		
Gilt Edged Bargains	187.6	185.0
Equities Bargains	198.3	169.2
Value	332.4	284.6
5-day Avrge.		
Gilt Edged Bargains	179.0	180.5
Equities Bargains	179.5	176.0
Value	357.0	358.3

LEADERS AND LAGGARDS

Percentage changes since December 31, 1980, based on Tu esday, March 31, 1980.

Contracting, Construction	+41.13	Food Retailing	+10.74
Hire Purchase	+37.86	Insurance Brokers	+10.46
Building Materials	+23.48	Brewers and Distillers	+ 9.83
Other Industrial Materials	+22.77	Tobaccos	+ 9.61
Packaging and Paper	+20.09	Engineering Contractors	+ 8.56
Mechanical Engineering	+19.81	Financial Group	+ 8.13
Textiles	+18.96	Stores	+ 7.84
Capital Goods	+17.65	Merchant Banks	+ 6.62
Food Manufacturing	+17.02	Health and Household Products	+ 6.33
Office Equipment	+15.44	All-Share Index	+ 6.08
Insurance (Life)	+14.49	500-Share Index	+ 5.75
Property	+14.37	Investment Trusts	+ 5.72
Other Consumers	+14.19	Discount Houses	+ 5.21
Leisure	+14.12	Motors	+ 5.18
Newspapers, Publishing	+14.06	Overseas Traders	+ 4.10
Shipping and Transport	+13.94	Mining Finance	+ 3.19
Metals and Metal Forming	+12.47	Other Groups	− 0.50
Electricals	+12.40	Banks	− 5.00
Industrial Group	+11.83	Chemicals	−12.99
Insurance (Composite)	+11.24	Oils	−14.23
Consumer Group	+11.14	Gold Mines Index	−16.32

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., April 1, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues. March 31 Index No.	Mon. March 30 Index No.	Fri. March 27 Index No.	Thur. March 26 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	342.27	+1.2	11.31	4.68	10.90	338.13	333.77	334.32	333.52	232.81
2	Building Materials (25)	307.60	+1.2	14.64	5.65	8.20	303.95	301.77	304.78	303.36	225.49
3	Contracting, Construction (28)	575.46	+0.8	16.31	4.69	7.29	570.79	563.70	564.31	559.34	351.11
4	Electricals (27)	1088.97	+1.2	8.05	2.47	15.39	1076.09	1055.59	1055.85	1056.47	606.86
5	Engineering Contractors (11)	444.65	+3.0	12.77	5.82	9.88	431.52	431.63	430.95	428.47	273.35
6	Mechanical Engineering (71)	208.35	+1.5	13.23	5.96	9.56	205.18	202.57	202.09	201.48	157.75
8	Metals and Metal Forming (13)	156.13	+1.1	10.88	8.49	12.13	154.46	153.37	155.96	155.79	161.18
9	Motors (21)	98.30	+1.4	10.61	8.51	12.36	96.97	94.97	95.13	93.58	103.69
10	Other Industrial Materials (18)	355.29	+0.7	11.68	5.75	10.23	352.85	351.74	350.42	350.43	0.00
21	CONSUMER GROUP (196)	266.21	+0.6	14.06	5.90	8.64	264.67	261.97	263.37	262.96	207.61
22	Brewers and Distillers (20)	285.46	−1.3	16.23	6.42	7.31	289.09	286.31	288.82	286.96	262.58
25	Food Manufacturing (22)	251.35	+1.8	15.93	6.29	7.45	247.02	244.69	245.11	245.50	186.37
26	Food Retailing (14)	524.08	+1.7	8.61	3.08	13.71	515.29	511.81	511.42	513.68	295.30
27	Health and Household Products (7)	285.87	+1.8	9.38	5.01	12.67	280.79	275.84	276.94	277.07	198.91
29	Leisure (22)	402.26	+1.0	13.18	5.55	9.43	398.31	394.21	397.20	397.20	289.32
32	Newspapers, Publishing (12)	489.01	+0.9	17.95	6.05	7.28	484.70	480.89	488.83	482.95	401.93
33	Packaging and Paper (14)	138.48	+0.7	21.97	8.34	5.29	137.57	135.99	138.44	138.06	126.32
34	Stores (44)	266.70	+0.1	11.10	4.74	11.82	266.35	263.83	265.67	265.91	211.54
35	Textiles (21)	150.02	+1.2	14.65	8.90	9.22	148.32	147.25	146.36	146.41	119.30
36	Tobaccos (3)	219.38	+0.4	25.90	10.61	4.40	218.59	215.94	216.52	212.56	202.65
39	Other Consumer (17)	273.87	+0.7	9.42	7.03	13.38	271.94	269.71	268.20	269.03	0.00
41	OTHER GROUPS (78)	221.68	+0.5	14.07	6.83	8.76	220.48	218.08	217.29	216.96	197.61
42	Chemicals (15)	259.25	+0.3	12.49	8.05	10.16	258.52	253.96	252.13	251.61	296.41
44	Office Equipment (6)	118.81	+1.4	15.67	6.99	7.57	117.19	115.39	115.34	112.89	110.39
45	Shipping and Transport (13)	611.63	−0.1	13.91	6.05	8.60	612.42	610.04	607.30	605.60	455.75
46	Miscellaneous (44)	288.91	+0.9	15.39	5.79	7.99	286.41	284.88	284.77	286.14	230.56
49	INDUSTRIAL GROUP (488)	285.88	+0.8	13.00	5.55	9.41	283.55	280.34	281.13	280.60	220.30
51	Oils (12)	782.54	−1.7	23.69	7.21	4.86	796.36	795.79	816.07	816.79	737.35
59	500 SHARE INDEX	325.56	+0.3	14.99	5.86	8.01	324.46	321.44	323.74	323.30	261.16
61	FINANCIAL GROUP (118)	256.44	+1.0	—	5.42	—	253.84	251.60	254.30	253.45	188.71
62	Banks (6)	234.21	−0.1	34.90	7.70	3.45	234.54	231.74	236.52	236.02	206.05
63	Discount Houses (10)	306.68	+0.4	—	6.04	—	305.34	305.13	304.79	307.24	213.61
64	Hire Purchase (4)	273.41	+0.5	8.23	4.54	16.81	272.00	272.29	271.72	272.26	191.60
65	Insurance (Life) (10)	270.95	+2.6	—	5.17	—	264.21	263.77	265.24	266.27	166.38
66	Insurance (Composite) (9)	168.51	+2.9	—	7.14	—	163.80	161.14	163.97	165.15	121.29
67	Insurance Brokers (8)	353.66	+0.2	12.81	6.50	10.51	352.99	350.42	352.34	345.66	286.70
68	Merchant Banks (13)	158.67	+0.4	—	4.94	—	158.02	157.88	157.51	156.97	98.58
69	Property (48)	511.09	+0.4	2.97	2.46	46.49	508.98	504.13	508.26	501.16	362.02
70	Miscellaneous (10)	172.45	—	18.29	6.00	6.71	172.44	173.07	172.66	172.60	127.78
71	Investment Trusts (109)	301.11	+1.0	—	5.11	—	298.01	297.10	297.49	296.78	207.45
81	Mining Finance (3)	240.32	+2.2	14.08	5.58	8.43	235.23	236.72	239.30	237.46	188.59
91	Overseas Traders (20)	448.04	+0.5	11.87	6.60	10.37	445.94	445.34	450.07	450.37	399.48
99	ALL-SHARE INDEX (750)	311.45	+0.6	—	5.74	—	309.73	307.17	309.51	308.93	244.15

FIXED INTEREST PRICE INDICES

	British Government	Wed. April 1	Day's change %	Tues. March 31	xd adj. today	xd adj. 1981 to date
1	5 years	109.24	+0.22	109.00	—	2.48
2	5-15 years	112.68	+0.48	112.14	—	2.97
3	Over 15 years	117.84	+0.49	117.26	—	2.77
4	Irredeemables	129.98	+0.76	129.00	—	1.78
5	All stocks	113.02	+0.41	112.56	—	2.69
6	Debentures & Loans	88.00	+0.27	87.76	—	3.47
7	Preference	67.96	—	67.96	—	2.88

FIXED INTEREST YIELDS

British Govt. Av. Gross Red.

			Wed. April 1	Tues. March 31	Year ago (approx.)
1	Low Coupons	5 years	11.40	11.46	13.03
2		15 years	11.95	12.01	12.82
3		25 years	12.03	12.08	12.82
4	Medium Coupons	5 years	13.02	13.12	14.88
5		15 years	13.43	13.50	14.41
6		25 years	13.11	13.18	14.22
7	High Coupons	5 years	13.02	13.11	14.93
8		15 years	13.63	13.70	14.73
9		25 years	13.23	13.31	14.62
10	Irredeemables†		11.43	11.51	12.30
11	Debs & Loans	5 years	14.12	14.11	15.44
12		15 years	14.30	14.35	15.27
13		25 years	14.31	14.35	15.10
14	Preference†		14.37	14.37	15.78

† Flat yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

NEW HIGHS AND LOWS FOR 1981

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (379)

BRITISH FUNDS (4)
CORPORATION LOANS (1)
COM'WEALTH & AFRICAN LOANS (2)
FOREIGN BONDS (1)
AMERICANS (12)
CANADIANS (2)
BANKS (6)
BEERS (3)
BUILDINGS (32)
CHEMICALS (4)
DRAPERY & STORES (11)
ELECTRICALS (16)
ENGINEERING (37)
FOODS (11)
HOTELS (3)
INDUSTRIALS (56)
INSURANCE (9)
LEISURE (5)
MOTORS (6)
NEWSPAPERS (7)
PAPER (5)
PROPERTY (19)
SHIPPING (1)
SOUTH AFRICANS (1)
TEXTILES (6)
TOBACCOS (1)
TRUSTS (105)
OIL & GAS (4)
OVERSEAS TRADERS (4)
RUBBERS (2)
MINES (3)

NEW LOWS (19)

CHEMICALS (1)
Catalin

STORES (1)
Bolton Textiles

ENGINEERING (1)
Weeks Assoc.

INDUSTRIALS (2)
Bridport Gundry, Peerless

LEISURE (1)
Glasgow Pavilion

MOTORS (2)
Lotus Car, Dellight

TEXTILES (1)
Snia Viscosa

OILS (10)
Branon, BP, Burmah Oil, Carless Capel, Century, Gaelic Oil, Magnet Metals, New Court Nat., Penine Res., Shell

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	86	1	8
Corpns. Dom. and Foreign Bonds	21	2	42
Industrials	418	134	817
Financial and Props.	244	30	219
Oils	14	43	20
Plantations	6	3	14
Mines	46	21	98
Others	65	15	58
Totals	900	249	1,276

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Babcock	126	+12	Legal and General	245	+ 7
Cons. Gold	475	+13	Pleasurama	253	+21
DRG	96	+ 5	Plessey	333	+ 4
Eagle Star	242	+ 9	Premier	92	− 3½
GEC	687	+10	Sun Alliance	882	+48
Hall (M.)	366	+16	Unilever	518	+18

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price change	Tue.'s closing price pence	Day's change	Stock	No. of price change	Tue.'s closing price pence	Day's change
ICI	27	244	+ 6	Tmor. & Nawll.	17	85	+ 3
Shell Trans.	25	374	—	Anglo Am Crp	16	660	−10
GEC	23	677	+14	ICL	16	46	+ 3
Cons. Gold	18	462	—	LASMO	16	593	+ 8
De La Rue	18	692	+12	BP	15	376	—
RTZ	18	455	− 5	GUS A	15	478	+ 5
Beecham	17	178	+ 4	Marks & Spen.	15	125	+ 2

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar. 23	Apr. 3	June 25	July 6
Apr. 6	Apr. 17	July 9	July 20
Apr. 21	May 1	July 23	Aug. 3

For rate indications see end of Share Information Service

Calls were taken out in Automotive Products, ICL, Amalgamated Distilled Products, Intervision, Grindlays Holdings, Cadbury Schweppes, Minster Assets, D. M. Lancaster, Tecalemit, Tricentrol, London Brick, RHM, French Kier and Monarch Petroleum. No puts were reported, but doubles were struck in *Premier Oil, Town and City* Properties, Dunlop, ICI, ICL and Cons. Gold Fields.

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price p:	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
150	F.P.	3/4	195	170	British Aerospace 50p	195	......	b7.6	2.0	5.7	12.5
10	F.P.	27/3	18¼	13⅝	✻Crest Int Sos. 10p	18¼	......	—	—	—	—
100	F.P.	1/5	120	105	Cystic Fibr Inv Tst £1	115	..	—	—	—	—
[illegible]	F.P.	—	175	112	†† Eglinton Oil & Gas	153	−12	—	—	—	—
75§	F.P.	30/4	105	88	Espley-Tyas Prop.	94	......	b3.92	1.2	6.0	19.3
18§	F.P.	—	22	20½	Munton Bros. 10p	20½	......	—	—	—	11.6
100	F.P.	13/3	102	92	New Darien Oil Trust	92	.....	—	—	—	—
—	F.P.	—	57	44	Do. Warrants	53	......	—	—	—	—
42	F.P.	13/5	45	38	Oil & Gas Production	38	......	—	—	—	—
4.2	P.P.	13/5	9	7½	Do. (50.01 pd.)	9	......	—	—	—	—
100	F.P.	21/4	101	98	T. R. Energy	98	−1	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price £	+ or −
‖	F.P.	—	34p	33p	Colonial Secs. 7⅓% Cum. 2nd Pref. 5p	33p	... ..
77	F.P.	1/5	74	70	Cystic Fibrosis Res'ch In. Tst. 5½ Deb. '86	70	... ..
97½	£10	10/7	11	10	Leeds (City of) 13½% Red. 2006	10⅝	+ ⅛
96	F.P.	24/7	113	102	Mid-Sussex Water 8% Pref. 1986	102½	......
‖	F.P.	20/3	170p	147p	Sterling Credit 8% Cnv. Red. Cum. Prf.	165p	...
¶	F.P.	26/6	102½	102½	Sutton District Water 8% Pref.	102½	......
¶	£10	4/6	11	11	West Hampshire Water 8% Red. Prf. '86	11	... ..

"RIGHTS" OFFERS

Issue Price p:	Am'unt paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1981 High	1981 Low	Stock	Closing prices p:	+ or −
184	F.P.	9/3	22/5	220	171	Assoc. Dairies	220	+ 12
2	Nil	8/4	29/5	5½pm	2pm	Barker & Dobson A	5pm	+ 1
$A9	Nil	—	—	250pm	175pm	Broken Hill Prop.	255pm	......
48	Nil	—	—	13pm	8pm	I.M.I.	13pm	+ ½
45p	F.P.	9/3	3/4	50	45	Paradise B.	48	.. ...
A1½	Nil	—	—	47pm	33pm	Woodside	42pm	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1979. Q Gross. T Figures assumed. ‡ *Cover allows for conversion of shares not now ranking for dividend or ranking* only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or *fully-paid*). ● *Provisional or* partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✻ Unlisted Securities Market. ‡‡ London Listing. ‡ Resulting from debt settlement scheme. ¶¶ Units comprising 128 A Ord. & 5 12½% Cum. Pref.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) ......|96.8 96.9| ......| 13.93
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Gruneburgweg 113, 6000 Frankfurt

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Anthony Wieler Unit Tst. Mgmt. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Barclays Unicorn Ltd.

Baring Brothers & Co. Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Gp. of Unit Trusts Ltd.

The British Life Office Ltd.

Brown Shipley & Co. Ltd.

Buckmaster Management Co. Ltd.

Canada Life Unit Trst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Charities Official Invest. Fund

Chieftain Trust Managers Ltd.

Confederation Funds Mgt. Ltd.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Darlington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Equity & Law Un. Tr. M.

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Robert Fraser Trust Mgt. Ltd.

Friends' Provdt. Trust Mgrs.

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers

Gibbs (Antony) Unit Tst. Mgs. Ltd.

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a) (b) (c)

Hill Samuel Unit Tst. Mgrs.

Intel

Key Fund Managers Ltd.

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General (Unit Tst. Mngrs.) Ltd.

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group (y)(c)(z)

ManuLife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt.

Mutual Unit Trust Managers

National Provident Inv. Mngrs. Ltd.

National Westminster

NEL Trust Managers Ltd.

Northgate Unit Trust Managers Ltd.

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd.

Pelican Units Admin. Ltd.

Perpetual Unit Trust Mngmt.

Practical Invest. Co. Ltd.

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd.

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management

Rowan Unit Trust Mngt. Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Schroder Unit Trust Managers Ltd.

Scottish Amicable Inv. Mngrs. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Security Selection Ltd.

SIMCO Money Funds

Stewart Unit Tst. Managers Ltd.

Sun Alliance Fund Mangt. Ltd.

Target Tst. Mngrs. Ltd.

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co.

Tyndall Managers Ltd.

TSB Unit Trusts (y)

Ulster Bank

Unit Trust Account & Mgmt. Ltd.

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Family Assurance Society

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assurance Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Phoenix Assurance Co. Ltd.

Planned Savings Group

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capital Life Assc. Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Amicable Investments

Scottish Widows' Group

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

B.I.A. Bond Investments AG

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngmt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd.

Capital Asset Managers Ltd.

Capital International S.A.

Capital International Fund S.A.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Cortexa International

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
99 3/32	97 9/16	Exch. 8¼pc 1981	99 3/32	+ 1/32	8.30	11.58
99 3/16	97¼	Exch. 9½pc 1981	99 3/16	+ 1/16	9.57	11.92
96⅝	93¼	Exch. 3pc 1981	96⅝	.....	3.11	12.14
99 7/16	99⅛	Treas. Variable '81§§	99¼	....	12.12	13.22
100 11/32	99¼	Exch. 12¾pc 1981‡‡	100 11/32	+ 1/32	12.64	11.96
97½	95 13/16	Treas. 8½pc '80-82‡‡	97½	+ 1/16	8.71	11.82
95	91⅞	Treasury 3pc '82‡‡	94½	.....	3.17	9.68
102 3/16	100¼	Treasury 14pc '82‡‡	101 15/16	+ 1/16	13.73	11.76
98⅞	98 3/16	Treas. Variable '82§§	98 3/16	.....	12.21	13.26
95⅝	93 13/16	Treasury 8¼pc '82	95 7/16	+ ⅛	8.63	12.13
96 3/16	93 13/16	Exch. 9¼pc 1982	95 11/16	+ 1/16	9.66	12.50
94¾	92⅞	Exch. 8¼pc 1983	94⅝	+ 1/16	9.24	12.19
89¼	84⅞	Exch. 3pc 1983	88⅝	.....	3.39	9.72
99⅜	97⅛	Treasury 12pc 1983‡‡	99⅛	+ ¼	12.10	12.50
97¼	96¼	Treas. Variable '83§§	97¼	.....	12.37	13.49
94⅝	92¼	Treasury 9¾pc '83	94	+ 1/16	9.84	12.31
101 13/16	100¼	Exch. 13½pc '83	101¾	+ ¼	13.26	12.67
94⅛	92¼	Exch. 10pc 1983	94	+ 1/16	10.63	12.66
87¼	84½	Funding 5½pc '82-84‡‡	87	+ ¼	6.32	11.02
96¾	94 3/16	Exch. 11¼pc 1984	96 3/16	+ ¼	11.65	12.68
103 7/16	101 11/16	Exchequer 14pc 1984	103 3/16	+ 3/16	13.58	12.78
80⅝	78½	Exch. 3pc 1984	80¼	+ ⅛	3.73	10.37
98⅛	96⅜	Treasury 12pc 1984	98¼	+ ¼	12.21	12.62
107¼	104⅞	Treasury 15pc 1985	107 7/16	+ ¼	13.96	12.51
98⅞	96 13/16	Exch. 12pc Cnv. '85	98 11/16	+ ⅜	12.25	12.42
75¼	73¼	Treasury 3pc 1985	75	+ ⅛	4.00	10.63
74¾	72⅝	Do. "A"	74⅝	+ ⅛	4.02	10.76
[illegible]						

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
[illegible]						
87⅛	83½	Do. 6pc 1981-83	87⅛	+ ⅛	7.03	12.60
67¼	63¾	N.Z. 7¼pc 1988-92	67¼	+ ¼	11.07	13.23
81¼	78	Do. 7½pc '83-86	81¼	+ ¼	9.43	13.01
99½	94¾	Sth. Africa 9½pc '79-81	95¼xd	.....	9.89	16.85
139	115	S. Rhod. 2½pc Non-Ass.	138	−1	—	—
56	43	Do. 3½pc 80-85 Asstd.	55	−1	6.39	19.20
36	26	Do. 4½pc 87-92 Asstd.	36	.....	12.68	18.70
390	353	Zimbabwe Ann (£100pa)	380	.....	—	19.57

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

1981 High	Low	Stock	Price	+ or −	Div. Gross	Cvr	Yld Gr's
[illegible]							
595p	450p	Int. Nat. Gas $1	595p	+5	$1.00	—	6.3
210p	155p	Massey Ferg.¶	195p	+5	—	—	—
120p	95p	Place Gas $1	105p	.....	—	—	—
14⅛	10¼	Rio Algom	14½	.....	$1.50	—	3.8
12	10⅞	Royal Bk. Can. $1	11⅝	.....	h$1.44	—	4.6
26	23¾	Seagram Co. C$1	24 9/16xd	− 3/16	US$1.40	—	2.5
13⅛	11¼	Tor. Dom. Bk. $1	13xd	.....	$1.60	—	4.6
10⅜	750p	Trans Can. Pipe	10	+ ⅛	$1.16	—	4.3

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCE

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
40	32	Acmex 50c	40	......	Q2.5c	—	3.3
23	14	ACM 20c	16	......	—	—	—
21	14	Argosy Gold NL 25c	19	......	—	—	—
172	137	Bond Corp.	172	......	Q7½c	1.9	2.2
102	76	Bougainville I Kina.	85	+1	Q26.2c	1.0	16.0
302	214	CRA 50c	248	......	Q19c	ϕ	3.9

Tins

Copper

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
160	142	Anglo-Dominion	160	+3	—	—	—
55	40	Barymin	45	+5	—	—	—
15½	14	Burma Mines 10p	14½xd	......	0.75	ϕ	7.4
315	180	Colby Res. Corp.	225	+10	—	—	—
255	200	Cons. Murch. 10c.	250	......	tQ30c	1.8	6.9
90	75	††Hemerdon 10c.	80	......	—	—	—
180	135	Highwood Res.	145	......	—	—	—
400	300	Northgate C$1	370	......	—	—	—
478	372	R.T.Z.	475	+10	t16.0	3.2	4.8
£111	£93½	Do.9-%Cv.Ln.'95-2000	£110	......	Q9½%	—	f9.0
143	127	††SPO Minerals 10p	133	−3	—	—	—
47	33	Sabina Inds. C$1.	36	......	—	—	—
38	28	††SWCM 10p	33	−2	—	—	—
550	465	Tara Exptn. $1	500	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ※ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- \# Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ◆ Not comparable.
- ϕ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ** Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. x Prospective real rate of return. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	41	......
Bertam	13	......
Bdg'wtr. Est. 50p.	540xd	......
Craig & Rose £1	£11¾	......
Fife Forge	55xd	......
Finlay Pkg. 5p	20	......
Graig Ship. £1	£20	+½
Higsons Brew	68	......
Holt (Jos) 25p	415	......
I.O.M. Stm. £1	160	......
Pearce (C. H.)	910	+20
Peel Hldgs.	92	......
Sheff. Refrshmt.	103	+1
Sindall (Wm.)	135	......

IRISH

Conv. 9% '80/82	£94	......
Nat. 9¾% 84/89	£76¼	......
Fin. 13% 97/02	£88⅝	......
Alliance Gas	73	−2
Arnott	240	......
Carroll (P.J.)	96	......
Concrete Prods.	90	......
Heiton (Hldgs.)	28	+8
Ins. Corp.	395	......
Irish Ropes	50	......
Jacob	50	......
T.M.G.	23	+1
Unidare	82	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	28	Utd. Drapery	6½
BOC Intl.	9	"Imps"	7	Vickers	14
E.S.R.	4½	I.C.L.	9	Woolworths	5
Babcock	11	Invereak	3	**Property**	
Barclays Bank	40	Ladbroke	24	Brit. Land	8
Beecham	15	Legal & Gen.	20	Cap. Counties	11
Blue Circle	30	Lex Service	9	Land Secs.	35
Boots	20	Lloyds Bank	28	MEPC	20
Bowaters	20	"Lofs"	4	Peachey	8
B.A.T.	25	London Brick	6	Samuel Props.	15
Brown (J.)	6½	Lucas Inds.	20	Town & City	2¼
Burton	10	"Mams"	20	**Oils**	
Cadburys	6	Mrks. & Spncr.	9	Brit. Petroleum	36
Courtaulds	6	Midland Bank	32	Burmah Oil	19
Debenhams	8	N.E.I.	7	Charterhall	11
Distillers	17	Nat. West. Bank	32	KCA	22
Dunlop	7½	P & O Dfd.	12	Premier	10
Eagle Star	22	Plessey	25	Shell	40
F.N.F.C.	3½	Racal Elect.	32	Tricentrol	34
Gen. Accident	30	R.H.M.	4	Ultramar	48
Gen. Electric	50	Rank Org.	16	**Mines**	
Glaxo	22	Reed Intnl.	18	Charter Cons.	20
Grand Met.	14	Sears	4½	Cons. Gold	45
G.U.S. 'A'	48	Tesco	5½	Lonrho	10
Guardian	32	Thorn	28	Rio T. Zinc	45
G.K.N.	16	Trust Houses	18		
Hawker Sidd.	20	Tube Invest.	18		
House of Fraser	15	Unilever	50		
		U.D.T.	4½		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES

Thursday April 2 1981

Weir Group to receive £16m in aid

BY JOHN MOORE

A DOZEN banks and other *lending institutions will* provide a package of financial aid worth more than £16m to the Weir Group. Scotland's largest engineering group yesterday reported pre-tax losses of £8.25m for the 53 weeks to January 2.

Weir Group directors told shareholders that without the financial package, which involves a major capital reconstruction, "the company's future would be in jeopardy."

As part of the arrangements the banks have sought a change in the chairmanship. Lord Weir, 47, chairman since 1973, is to step down and become vice-chairman.

Sir Francis Tombs, 56, a former chairman of the Electricity Council, becomes the group executive chairman.

Sir Francis is a director of N. M. Rothschild, the merchant bank. During his career he worked for the General Electric Company.

Weir Group shares closed in London last night 2½p down at 23p.

Weir Group's losses of £8.25m on turnover of £165.6m compared with pretax profits of £2.07m in 1979.

The latest audited accounts, according to the report of auditors Arthur Young McClelland Moores, were prepared on a going-concern basis, which in the auditors' opinion "depends on the implementation of the capital reconstruction proposals."

Under the reconstruction plan £6.2m of new money will be injected into the group through a rights issue underwritten by the Finance Corporation for Industry, the Scottish Development Agency, and Equity Capital for Industry.

Weir will obtain £10m additional share capital. The 12 bankers will subscribe for £10m of preference shares and will grant bank facilities on a longer-term syndicated basis.

In a circular to shareholders Sir Francis says there was a £5.5m deterioration in the operating results of Weir Pumps, a major subsidiary, in 1980 before taking into account redundancy cost of £2m.

He says: "Major deficiencies were uncovered in the estimating and reporting systems in Weir Pumps. Immediate remedial action was put in hand and management changes were made."

Shareholders' capital has declined from £48m at the end of 1978 to £26m at the end of 1980. Group borrowings have risen substantially. The loss attributable to shareholders in the latest figures is £10.3m, compared with a £7.9m attributable loss in 1979.

The board has already made disposals of some of the *company's operations. It is* investigating "the possibility of disposing of other activities peripheral to the group's activities."

Feature, Page 20, Results, Page 25

Jamaica to get £310m credits from IMF

By John Makinson

THE INTERNATIONAL Monetary Fund has agreed to provide Jamaica with credits worth almost $700m (£310m) over the next three years.

The agreement, which was reached after four months of tough negotiations, will boost the country's battered economy.

The credits, which should be formally approved in about a fortnight, will trigger the release of other loans by commercial banks, donor countries and international agencies. The package could be worth almost $1bn in the next 12 months.

Negotiations on the agreement began in December and took longer than expected. Mr. Horace Barber, Jamaica's Financial Secretary, said the delay was caused mainly by problems in bringing forward fiscal measures requested by the IMF. Jamaica is now trying to accelerate a comprehensive review of its tax system.

A group of international banks led by the U.S. Citibank is now arranging a new $70m eurocurrency credit for the country and is also hoping to reschedule $103m of debt payments due over the next two years.

In addition donor countries and international agencies have pledged loans totalling about $350m, conditional on agreement being reached with the IMF.

Relations between Jamaica and the IMF deteriorated under the previous government of Mr. Michael Manley. He refused to accept the conditions attached by the fund to the provision of credit.

Jamaica's economy is in desperate need of foreign support. Inflation is running at around 30 per cent and conservative official figures put the unemployment rate at 31 per cent. Half the country's foreign exchange earnings earned mainly from tourism and the export of raw materials are being used to service its external debt, which already totals $1.6bn.

Details, Page 4

Bank union votes for new action

BY NICK GARNETT, LABOUR STAFF

BANKING, Insurance and Finance union members at the clearing banks' high street branches and cash centres have voted for a second stage of industrial action against the employers' 10 per cent pay offer.

But the vote is thought to have been less than overwhelming overall, with some bank branches rejecting the proposals for a half or one day stoppage and a strict work to rule.

That will cause some concern among union officials even though all areas covered by the vote have supported industrial action. The union seems likely to seek some informal contact with employers before today's (Thursday) meeting of its disputes committee.

That committee will assess how the union should proceed in its dispute witht he five banks. The rival non-TUC Clearing Bank Union is meeting the Federation of London Clearing Bank Employers this afternoon. It will tell the banks that, although a majority of its members in its pay ballot have advised union leaders to accept the offer, a large proportion has done so reluctantly.

That ballot result is intended only as advice for CBU leaders who might still request an improvement in the offer. The banks, though, will almost certainly try to reach an agreement with the CBU today on the 10 per cent.

It is unclear how this will affect BIFU's decision on possible further industrial action. BIFU, which has 70,000 members in the clearing banks, will certainly attempt to blame the CBU; with 93,000 members in Barclays, Lloyds and National Westminster banks, if its own campaign of industrial action in pursuit of rises of 12 and 13 per cent fails. That action has so far involved 24-hour stoppages at Lloyds and Barclays computer centres.

Apart from the current ballot results, there have been other signs of support for further action within BIFU. The union's national engineering branch has requested that BIFU engineers he balloted on industrial action. Midland Bank has also been told that its BIFU computer staff would also be balloted as part of any third phase of industrial action.

Apart from these groups, messengers and other computer staff would be balloted as part of any third phase. Union officials have been preparing contingency plans for this phase but there have been doubts about the willingness among some groups to take action.

Budget may cause more BL cuts

BY ELINOR GOODMAN

BL MAY be forced to make further cuts in jobs and investment because of the Budget.

Sir Michael Edwardes, the chairman, said in a report to an all-party committee of backbench MPs that BL was having to evaluate the assumptions behind its 1981 plan in the light of the Budget.

BL did not intend asking the Government for more money. But he warned that "in order to live within our cash constraints we shall have to take further painful action in such areas as manpower, fixed expenses and investment."

He also made clear that, without a further large cut in minimum lending rate, leading to a fall in the value of the *pound BL might withdraw from* more export markets.

The Society of Motor Manufacturers and Traders said *earlier this week that the* Budget would reduce demand for both cars and commercial vehicles. But Sir Michael's verdict on the Budget was even stronger and in sharp contradiction to the Prime Minister's claims that the Budget was a neutral one. He told MPs that it had had a "strong deflationary effect."

It had hit BL in two ways. First it reduced domestic demand for products, both in the short and medium term. "From a motor industry point of view" he could see no sign of an upturn this year. The impact of the Budget on *demand was likely to be even* greater in 1982 and later.

Second, and even more damaging, he said, was that as *a result of the Budget the* pound "looked like staying higher than BL had been expecting." A high pound was potentially "even more devastating in its impact on profitability than in its impact on demand."

BL had hung on to some export markets because it was expected that MLR would fall and with it the pound.

Without a further large fall in MLR to compensate for the effects of the Budget and to bring the pound down, export business could be irretrievably lost. But it would not take a major "currency shift to trans*form BL's export position*."

Sir Michael said that BL had made progress to correct its weaknesses, and had scored *some successes, such as the* Metro.

But it had not been easy in the face of a deepening recession. BL had had the problem of drastically cutting overheads, then finding demand falling even further and needing to cut more.

"Where do we stop?" he asked. Before the Budget, BL thought it knew, but the Budget was strongly deflationary.

Sir Michael also said that it was damagin gto BL to be constantly cited as a major cause of the increase in public sector borrowing requirement. The implication of this was that BL *was responsible for higher taxes.*

Help likely for energy hit companies

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE Government is believed to be considering the possibility of selective financial help for companies in the chemical and other industries hardest hit by high energy prices.

This idea is being considered in Whitehall as an alternative to extending various sorts of more general help which have been introduced in the Budget but which have been dismissed by industrialists as inadequate.

Yesterday an eight-month dialogue between the Government and industry on the energy costs problem almost ended in deadlock at a meeting of the National Economic Development Council.

Sir Terence Beckett, director geenral of the Confederation of British Industry, told Sir Geoffrey Howe, the Chancellor, and Mr. David Howell, Energy Secretary, that the concessions on energy tariffs and other items intorduced so far had led to "deep disappointment" in industry.

Mr. Howell offered no new concessions at the meeting but did stress that his Department was "pursuing every available avenue of flexibility" on the problem of high electricity bulk tariffs.

Although he did not spell it out, it is believed that this includes the possibility of selective aid for companies like ICI, which has failed to obtain *general help from the electricity* industry for its chlorine and other energy-intensive businesses.

On a broader front Mr. Howell appeared to be warning the CBI that little more could be done. He said the position was rapidly being reached where further help could be introduced only at the expense of the domestic consumer, whose tariffs would have to rise if industry's were cut.

*The alternative was to intro*duce subsidies. Mr. Howell said the CBI had objected to this in the past, although it is not yet clear whether any selective aid *would have to be in the form of* subsidies.

Industrialists reacted angrily to the lack of any new initiative at yesterday's meeting. The CBI issued a long statement detailing ho winadequate it considered concessions introduced so far, an dthe Paper and Board Industry Federation said: "Today's meeting was a disaster. We are dismayed that no fresh help is being given."

Sif Geoffrey Howe did how*ever agree to consider a CBI* request that energy costs should be discussed every three months at the NEDC.

Mr. Howell said he would raise complaints about payments of bills with the energy producing nationalised industries. The CBI said many companies were being unfarily penalised if they did not pay their bills within 21 days.

The TUC boycotted yesterday's meeting because of the civil servants' strike. As a result, debates on unemployment and regional policy were deferred till next month.

Thailand premier digs in

Continued from Page 1

measures" to put down the rebellion.

The Associated Press reported that Queen Sirikit *made a speech on Korat radio* on Wednesday night condemning the coup leaders.

The rebel troops in Bangkok appear to have the *backing of the powerful elite* 1st Army. They claim to have 20 times as many troops as Gen. Prem.

An eerie calm descended *on Bangkok last night* as troops guarded key installations with armoured cars and tanks and controlled the radio and television stations.

Newspaper editors were summoned to a two-hour meeting at the Supreme Military Command headquarters and warned not to print anything about the coup.

The rebels said they had taken over power to deal with the mounting problems in the country, which if left *in the hands of the* "*weak* Government" would lead to a "permanent dictatorship."

The crisis follows the recent collapse of Gen. Prem's first coalition Government.

Bitter in-fighting between two of the major coalition parties over which Minister would control oil purchases from abroad led to its break-up.

This also led to tha departure of Mr. Boonchu Rojanastien, deputy Prime Minister for Economic Affairs, who had pushed for major reforms in the economy.

The real motive behind the Army rebellion is unclear, though some reports say it was sparked off by the so-*called "Young Turks" in the* armed forces anxious for rapid promotion and direct involvement in the political process.

Despite his widespread personal popularity, Gen. Prem had clearly failed to strike a balance between the *contending business, political* and military alliances which characterise Thai society.

Brokers

Continued from Page 1

announced the end of its association with Mr. Whyte. Mr. Wolfgang Struck, a partner in Bierbaum, *said yesterday*: "I am very happy with the outcome."

Commenting on the split with Mr. Whyte, he said: "We saw *what the reality* was. The pressure from Martin was too strong."

Touche, Remnant, which holds 19.8 per cent of Martin's shares, said: "At first sight the merger seems to produce a satisfactory vehicle for future trading."

Mr. Whyte and Mr. Gunter Kreissel, a German industrialist, each retain a 7.45 per cent stake in Martin. Martin directors hold about 20 per cent of the shares.

Martin's shares soared from 109p after last December's announcement of Bierbaum's interest, to Monday's suspension *price of 183p which capitalises* Martin at £7.5m.

In February, Martin unveiled a 150 per cent rise in pre-tax profits for the six months to *December, 1980. These were* £705,000, against £282,000 for the comparable period of the previous year.

Bierbaum, which employs 40 people, has offices in Dusseldorf, New York, Frankfurt and Zurich.

Martin, which has a staff of 148, has offices in London, Edinburgh, Lugano, Milan, Nassau, New York, Toronto, Hong Kong, Singapore, Bahrain and Abu Dhabi.

Tungsten

Continued from Page 1

of ore containing 0.18 per cent wolfram (tungsten) and 0.029 *per cent* tin. Planning permission is to be sought for a £44m mine which could provide 300 to 400 jobs.

The 10-cent shares of Hemerdon Mining and Smelting yesterday rose 7p to 87p. London dealing in them began in mid-April of last year. Then, in a flurry of enthusiasm, they closed the first day at 160p. Interest had waned until yesterday.

If all goes well, the open-pit operation could be in production by the beginning of 1985. It would then build to full capacity of 6,000 tonnes of ore per day by about 1987.

Pilot plant testing has indicaed that a desired metal recovery of 64 per cent of the wolfram and approximately 66 per cent of the tin is possible.

The wartime operations, which ended in 1945, could only achieve much lower recoveries which would be uneconomic by today's standards.

Mr. Schwarzwalder said it would also be possible to concentrate the material into about 65 per cent wolfram, a marketable grade, and 25 per cent tin. He said the Amax studies had been based on prices of $140 per metric tonne unit for wolfram and more than £5,000 per tonne for tin; currently the respective metal prices are $146 and £6,180.

Weather

UK TODAY

Dull with rain in east. Brighter and drier in west.

N. Wales, N.W. England, S.W., N.W. Scotland, N. Ireland
Scattered showers. Cloudy. Max. 10C (50F).

S. Wales, S.W. England, Channel Islands
Scattered showers. Bright intervals. Max. 11C (52F).

Rest of UK
Dull. Hill and coast fog. Occasional rain or drizzle. Max. 8C (46F).

Outlook: Becoming brighter.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	18	64	L. Ang.†	C	12	54
Algiers	S	19	66	Luxmbg.	C	10	50
Amsdm.	C	9	48	Luxor	S	31	88
Athens	C	15	59	Madrid	F	15	59
Bahrain	S	25	77	Majorca	C	16	61
Barclna.	C	14	57	Malaga	C	20	68
Beirut	S	17	63	Malta	S	16	61
Belfast	F	11	52	M'chstr.	C	8	46
Belgrd.	F	17	63	Melbne.	C	26	79
Berlin	C	13	55	Mx. C.†		—	—
Biarritz	F	12	54	Miami†		—	—
Bmghm.	R	9	48	Milan	R	14	57
Blackpl.	C	8	46	Montrl.†	C	5	41
Bordx.	C	12	54	Moscow	C	5	41
Boulgn.	C	8	46	Munich	S	19	66
Bristol	C	8	46	Nairobi	C	25	77
Brussels	C	10	50	Naples	C	15	59
Budpst.	C	16	61	Nwcstl.	R	7	45
Cairo	S	24	75	N York†	C	7	45
Cardiff	S	11	52	Nice	C	16	61
Cas'b'ca	C	17	63	Nicosia	F	18	64
Cape T.	F	22	72	Oporto	R	12	54
Chicg.†	C	11	52	Oslo	C	8	46
Cologne	C	12	54	Paris	C	9	48
Copnhgn.	C	7	45	Perth	C	22	72
Corfu	C	18	64	Prague	F	17	63
Denver†	F	5	41	Reykjvk.	F	4	39
Dublin	C	12	54	Rhodes	C	19	66
Dbrvnk.	C	19	66	Rio J'o†		—	—
Ednbgh.	C	6	43	Rome	C	16	61
Faro	F	17	63	Salzbrg.	F	20	68
Florence	C	17	63	S F'cisc†	C	9	48
Frankft.	F	17	63	S. Moritz		—	—
Funchal	S	20	68	Singapr.	C	31	88
Geneva	C	13	55	S'tiago†		—	—
Gibrltr.	C	17	63	Stckhm.	F	11	52
Glasgow	C	7	45	Strasbg.	C	14	57
G'rnsey	C	8	46	Sydney	C	23	73
Helsinki	S	9	48	Tangier	C	17	63
H. Kong	C	24	75	Tel Aviv	S	18	64
Innsbrk.	F	20	68	Tenerife	S	17	63
Invrnss.	C	9	48	Tokyo	R	8	46
I.o.Man	F	10	50	T'ronto†	C	5	41
Istanbul	F	13	55	Tunis	R	16	61
Jersey	C	9	48	Valencia	S	23	73
Jo'burg	S	22	72	Venice	C	17	63
L. Plms.	C	18	64	Vienna	S	16	61
Lisbon	C	14	57	Warsaw	C	11	52
Locarno		—	—	Zurich	C	13	55
London	C	9	48				

C—Cloudy. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures.

THE LEX COLUMN

Pergamon's rescue terms for BPC

For some time shareholders in BPC have known that Mr. Robert Maxwell was swooping in his helicopter to save their company from extinction. Now they know his price: for £10m Pergamon requires another 80m shares (12½p each) taking its total stake to 77 per cent (where it will be able to group BPC's losses for tax purposes).

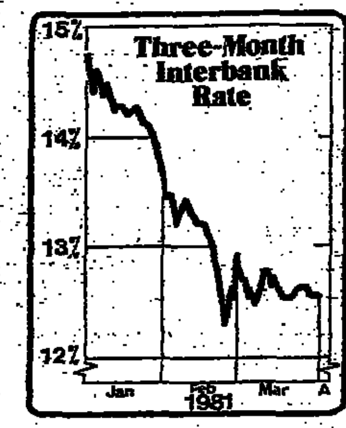
The extraordinary aspect of the deal is that Pergamon is a tiny company to be contemplating the rescue of BPC, which has turnover of more than £200m and even after the proposed capital reconstruction will have debts of some £40m. Pergamon's publishing profits have been steady at around £3.5m for the past four years, and its end-1980 net worth was only £9m (including its existing BPC stake at today's market price of 17½p).

How can a company with such a slender base invest a total of some £13m cash, including the cost of last summer's *dawn raid*, in the ailing BPC? The answer is that advance subscriptions give Pergamon very healthy working capital balances, which up to now have been used to finance a securities dealing operation. For some unexplained reason, advance subscriptions almost doubled to £12m in 1980.

If the reconstruction goes through as planned the impact on Pergamon's consolidated balance sheet will be dramatic. On a pro forma basis attributable net worth will jump to some £24m. Of course, it is also true that the risks remain large, the gearing high, and the investment in BPC could yet turn out to be worthless, though £14m has already been provided for rationalisation.

The story of BPC's decline is a sad but familiar one of a management losing its grip over a rambling organisation. Mr. Maxwell is an expensive man to bring in to bully the unions—but perhaps that is the role of the modern entrepreneur.

Index rose 1.7 to 529.8



Reckitt & Colman

The traditional premium rating enjoyed by Reckitt and *Colman* shares has been looking a little insecurely based recently, but yesterday's figures covering the second half of 1980 gave a glimpse of the strength of the business. Pre-tax profits, down 10 per cent in the first half, rose 18 per cent in the second as de-stocking by the group's customers began to reverse.

So the year's profits come out showing a small increase, from £51.0m to £53.2m pre-tax. Better still, the strong last quarter sales allowed Reckitt to clear its own over-stocked position, and group borrowings closed the year slightly down.

Reckitt has got rid of assorted lossmakers in the past year, and teh principle of rationalisation may be extended to some slow-moving product lines in the *food business. The troublesome* U.S. potato subsidiary now seems to be soundly based, another unfortunate American food venture has been closed *down, and the group is talking* candidly about sticking to what it knows best.

With a bit of luck (and lower interest rates) profits should be back up to £60m this year. But they have been above £50m for five years, while inflation-adjusted earnings cover only two-thirds of the dividend, and the group seems to be running an underlying cash deficit. Reckitt is probably moving in the right direction, but the shares, as usual, are a little ahead of the game, up 28p to 238p yesterday—around 10 times earnings and yielding 5.2 per cent.

Weir Group

Its bankers have given Weir Group a much needed lifeline *by agreeing to swap £10m of* loans into preference shares, which are redeemable by 1991. If they had not done so, the group could not have continued in business: its 1980 accounts have been prepared on a going concern basis which, the auditors say, depends on the proposed capital reconstruction. Instead, the Banks have been persuaded that Weir has largely put its house in order, by management changes and extensive rationalisation. And their decision has made it possible to pull in £6.2m of new resources through a rights issue in convertible preferred which has been underwritten by three of the specialist risk institutions.

Given that the trading outlook is still highly uncertain, Weir will still be quite highly geared after the reconstruction with shareholders' capita lof £42.3m supporting net debt of £26.7m. But the package should be enough to convince potential customers that Weir is well capable of undertaking major contracts.

If all goes well, the convertible preferred could be an attractive, high risk speculation. They give rights to half the equity in a business with sales of £166m, and they get in at a discount of three-fifths on net worth. However, the outlook is not too inspiring for the ordinary, which fell 2½p to 23p and a market capitalisation of £6m yesterday. The package places major constraints on the payment of ordinary dividends, which must be several years away. However, without this there would be nothing at all, and the package must be given *full support.*

Babcock Intnl.

Babcock's 1980 results are *respectable only* by comparison with those of other engineering companies: pre-tax profits are down from £32m to £15.2m, and the current cost attributable loss is £11.7m. Still, the dividend has been maintained (Babcock points out that its cover has been high in the past), and the charitable may add back *£7.3m of more or less excep*tional losses which the company puts down to management deficiences in two subsidiaries.

The group's most conspicuous *success* has been on the power side, where the order book is looking good enough to promise decent performance in the next couple of years. Conversely, it is on those businesses with short ordering cycles, particularly those involved with the U.S. motor industry, that the steepest fall in earnings has been seen.

Borrowings have been kept under control, but with net debt at more than 50 per cent of net worth Babcock stands to benefit considerably from lower interest rates, while any upturn in the U.S. will come through rapidly to profits. All the same, a 12p rise in the share price to a 20-month high of 126p is as much indicative of the state of the equity market as of Babcock's undeniable strengths. The yield is 8.1 per cent.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.
V G H